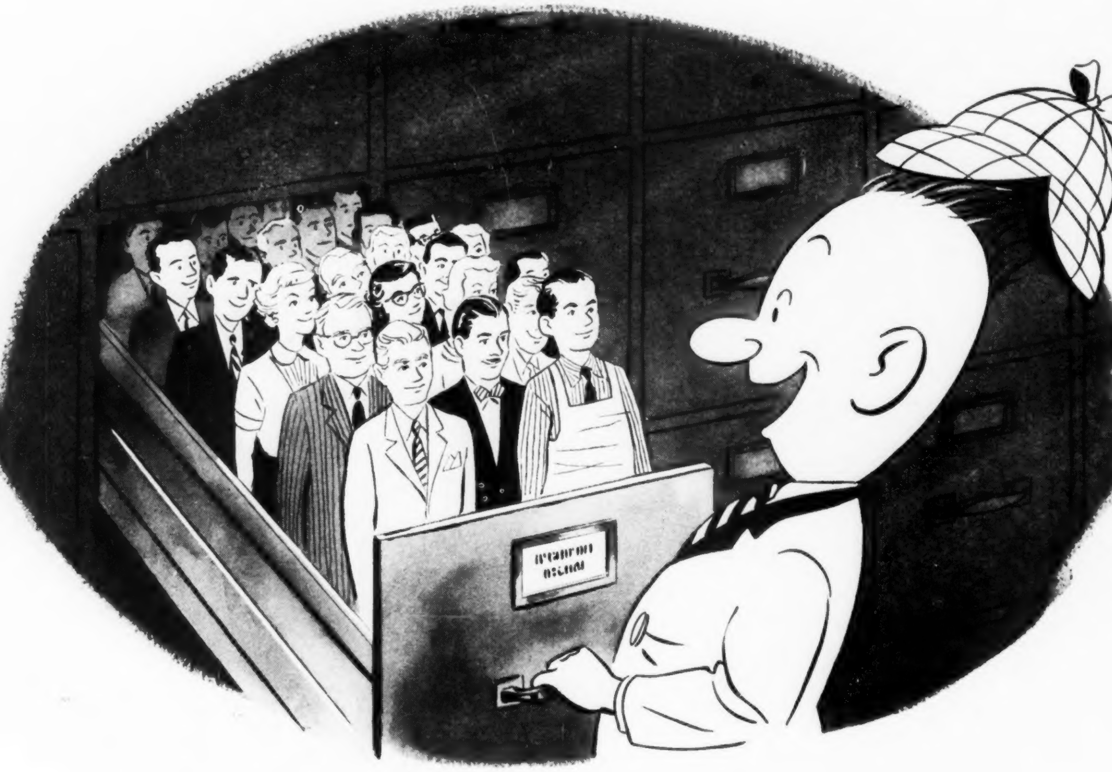
The NATIONAL UNDERWRITER

THURSDAY, JANUARY 7, 1954



THE NATIONAL UNDERWRITER. Published weekly by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U. S. A. 58th year, No. 1. Thursday January 7, 1954. $7 per year (3 years, $18); Canada, $8 per year (3 years, $21); Foreign $8.50 per year (3 years, $22.50). 30 cents per copy. Entered as second-class matter April 25, 1931, at the post office at Chicago, Ill., under Act of March 31, 1879.

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January 7, 1954
58th Year, No. 1

The National Weekly Newspaper of Fire and Casualty Insurance

AEC Deductible Made Optional By Ohio Bureau

Department Kills 6¢ Filings, But Deviations Are Already in

COLUMBUS—In the first such action by a fire rating organization, Ohio Inspection Bureau has made the additional extended coverage deductible optional. The form may now be written in Ohio either with the $50 deductible applying, at the customary rate of 4 cents, or on a full coverage basis, for twice this amount.

Concurrently, the Ohio insurance division has withdrawn its approval of 43 individual filings which had been made some months ago. Under these deviations, companies were writing "no deductible" AEC at a rate of 6 cents. It is understood a number of these companies have immediately filed deviations from the new bureau filing to maintain status quo as far as they are concerned.

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Buckeye Union was the first company to offer this coverage without a deductible. It is reported that this Ohio company is also the first to file a new deviation from the 8 cents rate. Other companies which were among the 43 dissenters—also understood to have expressed their desire to continue writing this cover at 6 cents—are Mayflower, Excelsior and Cincinnati Ins. Co.

Under the new bureau rules, the charges for adding AEC to the dwelling rents item are also doubled when the full coverage form is used.

Removal of the deductible on the AEC has been sought by the agents in Ohio with a good deal of purpose. They have been faced with a competitive situation whereunder some 40 companies filed a deviation on this endorsement removing the deductible, and the action of the bureau companies would indicate that the non-deductible AEC will become available in other states in the midwest.

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The Ohio rate for each building item and each contents item is .04 under the deductible AEC and .08 under the non-deductible. The same rates apply when additional living expense is covered under the fire and EC, and when trees, shrubs and plants are covered, the rate is $5 for deductible AEC and $10 for non-deductible.

When loss of rental value is insured under the fire and EC policy, the rate for AEC deductible when the rent item contains a 1/12 monthly limitation is .014, for a 1/9 monthly limitation .018, and for no monthly limitation .04. These charges are doubled when the AEC is non-deductible.

Other rule book and general bulletin revisions mailed out to agents and companies include introduction of the new improvements and betterments

(CONTINUED ON PAGE 20)

'Million Dollar' WC Decision Is Upheld In Insured's Favor

Wisconsin's supreme court, in considering a case to test the state's provision for compensation for loss of hearing due to industrial causes, upheld a WC payment which had been viewed as "a million dollar legal question".

Since 1950, when an award of $4,200 was granted in Milwaukee to member of local 509 of AFL Boilermaker's Union, there has been a flood of claims for partial loss of hearing in industry. In 1952 a state industrial commission chose the claim of Albert Wojcik as a test of the 1919 law. Wojcik was awarded $2,429 following his claims that noise in the Green Bay Drop Forge Co. had injured his hearing.

The 1953 legislature amended the WC law to eliminate payment of claims for deafness caused solely by prolonged exposure to ordinary industrial noise. The law went into effect July 1. The Drop Forge Co. said thousands of applications for compensation would be filed after July 1 for loss of hearing suffered before July 1. The court was asked to rule on whether the new amendment or the old act would apply to these cases, but refused to do so.

Nearly 600 persons in Wisconsin who have been claiming compensation occupational deafness have filed for benefits prior to the effective date of the new state law, which holds that in the future compensation can be recovered only with proof of wage loss, and the 600 cases involved here do not all have a wage loss factor.

The amount of liability involved is not known, but it may run into the millions. Another open point is whether additional persons can file under the old law if their deafness occurred prior to July 1, the effective date of the new law.

The employers and insurers argued before the court that the new law requiring proof of wage loss has showed that the industrial commission's original findings were improper, but the supreme court said a subsequent legislative act cannot effect the construction of a former statute.

It was also pointed out that liabilities in such cases were not anticipated and the companies are exposed to heavy damage payments as a result of this case. The industrial commission contended that the business similarly didn't anticipate silicosis claims in the mining industry years ago.

MAY BE UNFROZEN

Holds Holmes Right in Licensing Sask. Government Insurer

The Montana attorney general has given an opinion to the effect that Commissioner Holmes was within his rights in granting a license to Saskatchewan Fidelity & Guarantee, the state owned insurer of Regina whose entrance into Montana caused a furor among the agents.

The immediate effect of the attorney-general's opinion probably will be that the insurance department will unfreeze the operations of Saskatchewan F. & G. The company has not been able to transact any business since the agents raised a constitutional question over the licensing and threatened to take the issue to court. Loble & Loble, a Helena law firm, has been retained by the agents and has been instructed to go on to court if that is the proper thing to do at this time. American Mutual Alliance has retained the Billings law firm of Coleman, Jamieson & Lamey to represent it in assisting the agents. Mr. Jamieson is president of American Bar Assn.

Commissioner Holmes wrote a six page letter to the attorney general presenting the points of this issue. The agents had predicated their argument on the provision in the state's constitution which states: "Neither the state, nor any county, city, town, municipality, nor other subdivisions of the state shall ever give, or loan its credit in aid of, or make any donation by grant ...to any...corporation, or become a subscriber to, or a shareholder in, any company, or corporation...except as to such ownership may accrue to the state by operation, or provision of law."

Mr. Holmes said the agents were construing this to apply beyond the boundaries of Montana, whereas the license could be refused only if the state of Montana were a stockholder of Saskatchewan F. & G.

"The mere fact that stock of a foreign corporation might be held by a government, or subdivision of a government, has no bearing on the company's activities in the state of Montana," Commissioner Holmes said in his letter, "nor does it permit the company to escape the payment of any fees, or taxes to the state treasury of the state of Montana."

Two Agents' Groups, Federation Push N.Y. Voluntary Plan

Announce Main Points of Legislative Program; Bohlinger Denounces It

Victims of uninsured and financially irresponsible motorists would be afforded protection against financial loss under a new voluntary plan developed by the automobile insurance business which will be introduced at the coming session of the New York legislature, it has been announced by New York State Assn. of Insurance Agents, Mutual Insurance Agents Assn. of New York and Insurance Federation of New York.

Superintendent Bohlinger of the insurance department promptly denounced the plan as an imposition on insured motorists.

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The associations resolved last year that some practical solution to the problem of the financially irresponsible motorist must be found and urged the business to develop a plan. The plan was drawn through cooperative efforts of the associations and other segments of the business.

The plan calls for creation of Motor Vehicle Responsibility Corp., a statutory, non-profit organization in which all auto insurers will be members.

Insurance afforded by the corporation will be available to any motorist carrying liability insurance and to persons who do not own nor any members of whose household owns a motor vehicle. Coverage would indemnify insured and members of his household against losses from inabilbity to collect valid claims agains uninsured motorists for injuries, deaths and property damage resulting from a MV accident. Pemiums for such coverage would be a percentage of the 10/20/5 premium. On the basis of actuarial studies made, it is believed that with a reasonable deductible the premium would not exceed 2% of the current BI and PDL premium.

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The plan is characterized as consistent with established insurance principles. It is not subject to the same objections held by some against unsatisfied judgment funds or assigned case plans. The state collects no funds. The plan eliminates the threat of the state entering the business. Insured motorists contribute nothing for the benefit of the public or for uninsured motorists. It affords more complete protection than compulsory insurance. For example, it provides protection against financially irresponsible non-resident motorists and with respect to operators of stolen cars and cars used without permission of the owner.

The plan calls for an impoundment act to reduce further the number of uninsured. It provides that where any amount is paid in settlement of a claim or in satisfaction of a judgment,

(CONTINUED ON PAGE 20)

Late News Bulletins . . .

American Casualty Has Auto Merit Plan

American Casualty is offering in Pennsylvania a 10% credit on private passenger cars if the motorist does not have an accident for two years. It is applicable to BI, PDL and medical payments. If married, the record is required of the wife.

Compulsory the Only Sensible Way: Dewey

Gov. Dewey, in his opening message to the New York legislature Wednesday, again urged passage of compulsory automobile liability insurance.

Billions have been spent on state and local highways and billions more will

(CONTINUED ON PAGE 32)

ursday
1931, at

Cooperation Between Agents and Claim Departments Makes for Sound Sales

E. I. Bostwick, manager of the claim department of Travelers at Richmond, recently discussed cooperation between claim departments and agents at a meeting of Richmond Assn. of Insurance Agents. His observations are presented substantially as follows:

The proper production of business is the duty of the agent. I underline the word proper because not infrequently we find in the claim department facts reflecting upon the insurability of the risk after a bad accident has occurred when these facts easily should have been discernible to the agent when the risk was written. Therefore, either the risk should have been declined or proper measures taken to correct the unfavorable situation prior to underwriting it. There are other departments of the insurer involved in underwriting, besides the agent, but I do feel the agent owes a definite duty to himself and the company to scrutinize the risks before submitting them for coverage.

There seems to be a tendency on the part of some claim men and other company representatives to feel that a risk is bad merely because a serious claim results from the coverage afforded. Obviously, this is not a proper basis for reflection upon a risk when taken by itself. Some of the best risks have quite serious accidents, and a risk is still good after a large claim payment.

It is the duty of the claim department to comment on a risk where any material weakness is shown, and it should be understood by the agents that this is done in their interests and the interests of the company. It is not unusual for agents to show some resentment where the risk is cancelled because of the claim department's comments. It should be remembered the claim department's business is merely to report the facts as we have them.

The three departments of a company most closely associated with production, so far as the agent is concerned, are sales, responsible for premium income; underwriting, which rates and approves risks; and claim, which is responsible for the actual claim payments. The cooperation of all three is necessary for the production of proper business. We have found that effort by the claim department to let the agent know that a question of coverage has arisen before actually declining to cover a particular loss is often of great help. This enables the agent to approach insured and tell him the matter is not covered. Or, if some error has arisen through misunderstanding or otherwise, it enables the agent to correct this situation, often without knowledge of insured that the question has even arisen. Therefore, we should always go slow in refusing to cover any situation that may reasonably come within the coverage afforded insured.

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This leads to the proper selling of the policies. Occasionally it is obvious that coverage on a particular risk is poorly sold, and the loss reported to the claim department is not covered, though insured obviously thinks it is covered. Unfortunately, quite often insured has reasonable grounds for feeling that coverage is afforded.

An example is failure to tell people that the comprehensive personal liability policy is actually a liability policy and not an accident policy for paying every claim the neighbors may present; or failure to tell insured that money left in a cash register, etc., and not put in a safe is not covered under a storekeeper's burglary policy. I realize the agent can't go into every detail of a policy, but it is not at all unusual to find situations where the exposure to be insured and the policy written obviously do not coincide. Such salesmanship results in the loss not only of the policy involved in the particular loss but probably all other business the agent has on this risk. And it is the basis for poor publicity.

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Many agents seem to resent the fact that part of their duty for the commission paid is to make reports of losses. It is not possible for the company to furnish the claim department with sufficient personnel to handle every little detail such as obtaining all the first reports, etc. For the claim department to give attention to matters which properly need it, and, frankly, for the agent properly to earn the commission paid and to give service to his insured, the agent must make prompt, clear and concise reports. Such reports enable the claim department to handle a claim promptly; and if it is a case for payment, quite frequently the payment can be made the day the report is received and the draft delivered in a manner that creates enthusiasm. In that way it is the best advertising any agent can have, whether it is a claim from named insured or a third party. Delivery of the draft to the agent so that he can make the payment to insured or third party claimant is an excellent way to secure new business.

Agents not infrequently are critical of settlements made. The claim department is criticized because it makes a payment in a certain case and again criticized because it does not make one. We are thoroughly aware of the reasons for these criticisms, and we are also well aware of the fact that we are not infallible. However, without meaning to be conceited, we do feel that the claim department is necessarily much more experienced and even wiser in the reasons for the disposition of a particular claim in a certain manner than persons not specially trained in this regard. There are many varied and sometimes intricate reasons for making settlements which do not appear on the surface. We are always ready and willing to discuss a particular settlement where necessary, but obviously we cannot make explanations for too many as we at least hope our time is too valuable.

The most important function of the claim department is to obtain the facts of a particular loss and apply them to the coverage. There are two approaches possible, positive and negative. The positive approach is to look at the facts with an open mind, to try to find coverage and then to handle the claim fairly and equitably for all concerned, whether the claim is presented by insured or a third party. This should be done with a cheerful and pleasant approach and not as if we begrudged the payment. Again, a claim should be handled in this manner no matter

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Fire Association Transfers Michel, McKnight, Others

Fire Association and Reliance have nade several changes in their field rganization. Effective Mar. 1, Secreary Frederick L. Michel, division proluction officer in charge of New York, Vew Jersey and New England, will e transferred to the Illinois departnent as assistant manager with headuarters at Chicago. He will replace V. G. McKnight, who will move to the ead office April 1 to work with Secetary Ralph E. Dixon of the automoile department.

The production department will be perated in two divisions under Secreary Gilbert B. Mattson and Secretary Harry A. Miller. The new plan will be nder direction of Vice-President George V. Whitford.

The companies also have promoted hree resident managers to the new osition of regional manager. They re George L. Coates, Cleveland, reional manager in Ohio; Wallace D. Villiams, Jr., Boston, regional manager n New England; and John S. Albert, Detroit, regional manager in Michigan nd Indiana. At the same time John H. leck, state agent Maryland, becomes esident manager at Baltimore.

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Mr. Michel, with Fire Association ince 1935, graduated from Oberlin ollege in 1935, came to the head office s assistant secretary and was adanced to secretary in 1952. Mr. McKnight, a graduate of Northwestern Iniversity, has spent his entire busiess career with Fire Association. Mr. Coates, in the business since 1912, has een with the association since 1927, ll of his experience being in Ohio. He as advanced from state agent to resient manager of Cleveland in 1945.

Mr. Williams, a graduate of Uniersity of Pennsylvania, joined the asociation in 1928 and was assigned to he field in 1945 as special agent in Ohio. He later was promoted to state gent in eastern New York and in 1951 ecame resident manager in eastern Massachusetts and Rhode Island. Mr. Albert joined the companies in 1946, ent to San Francisco as special agent the Bay area and thence to Michian in 1952 as state agent. He was proioted to resident manager in 1953. Mr. Beck, with the association since 940, was a field man in southern Caliornia and Maryland prior to his apointment as state agent in 1950.

New Cal. Adusting Firm

Albert E. Swan and Robert V. Grupe ave organized the adjusting firm of wan & Grupe at Sacramento, Cal. It ucceeds Ramos & Swan, which has een operating in that territory for everal years. Leland S. Ramos reently retired from the partnership to ecome claims representative in the acramento area for Glens Falls. Mr. rupe resigned from the Sacramento aff of Brown Brothers Adjusters to ecome a partner in the new firm.

O'Connor to Talk at K. C.

James C. O'Connor, executive edior of the Fire, Casualty & Surety Bulitins, will address the Jan. 12 meetg of Insurance Society of Kansas ity on the campus of the University Kansas City.

Burglary, Glass Assn. Elects

Burglary & Glass Insurance Assn. of New York has elected Thomas P. Whelehan of Hartford Accident the 954 president. Vice-presidents are Kenneth C. Edgar, U. S. F. & G., and Charles V. Hedstrom, National Bureau of Casualty Underwriters; assistant secretary, Margaret M. Keegan, American-Associated; treasurer, Ray McGarrigal, American Surety; assistant treasurer, Lucille D. Strickler, Maryland Casualty.

Aribert L. Young has joined the Indianapolis law firm of *Armstrong, Gause, Hudson & Kightlinger.* Mr. Young attended Oklahoma A.&M. and graduated from Indiana University law school. He has frequently served as judge pro tem and special judge in Indianapolis courts.

Union Goes to Court to Get Details on Its Group Plan

An action has been started in circuit court at Milwaukee by local 261 of the CIO United Automobile Workers seeking to force Hotpoint, a General Electric division, to provide information concerning its group life, A. & H. and pension plans. Metropolitan, the insurer, also was made a defendant in the suit.

The complaint asks for a complete accounting, including the amounts that have been paid into the plan by the company and employes, amounts of benefits and the names of those who are administrators and serve on the pension board.

The president of the union, the complaint states, has asked for and has been refused the information he seeks. Plaintiffs' attorney said the suit might have nationwide implications for other unions which would like to get similar information at other GE plants.

Set Insurance Counsel Dates

Federation of Insurance Counsel will hold its annual gathering at the Schroeder hotel, Milwaukee, Aug. 11-14.

Neumann to Sketch Automobile Picture at NAIA Meeting

At the executive committee meeting of National Assn. of Insurance Agents in New York Jan. 10-12, Joseph A. Neumann, Jamaica, N. Y. chairman and vice-president of the association, will present a report of the special automobile committee of which he is head. This will bring the executive committee up to date on the late developments in the automobile situation since Mr. Neumann's report to the Washington convention.

The committee will also discuss the action taken on the resolutions adopted by the membership at the annual convention, particularly those relating to the tax treatment of term commissions and direct solicitation of insurance.

Plans will be discussed for the midyear meeting of the board of state directors which will be held in conjunction with Far West Agents Conference in Seattle April 12-14, and the annual convention in Chicago Oct. 4-7.

Maurice Herndon, Washington representative, will report on recent developments in the capital with regards to insurance generally and agents particularly.

Mass. Legislative Unit Asks Term Rule Study

A study of the fire insurance term rule was called for by the Massachusetts commission appointed by the last legislature. The commission gave a majority endorsement of the installment premium plan for fire insurance in its report to the Massachusetts legislature. The present term rule, 20% discount for 5-year policies, has been linked with the installment premium plan.

In calling for the study, the commissioners said there may be discrimination in the term rule, because not all classes of risks are eligible for the discounts, but if this situation needs correcting it should be alleviated by changing the term rule, not the installment pay plan.

In endorsing the installment plan, nine of the 11 men on the commission offered the majority report saying the installment plan is in the best interests of buyers and they held that its critics had not proved their arguments against a minority report favoring the bill of the plan. Two commissioners submitted a minority report favoring the bill of Insurance Brokers Assn. which is designed to outlaw the installment plan.

The main arguments against installment premium paying were fourfold. The dissenters said that the installment plan: Is discriminatory against the persons who buy insurance for one year and those who pay for a term policy in advance; is financially unsound in that the 3% charge for installments is inadequate; will put independent agents and brokers out of business; will result in increased rates for fire insurance.

The commission, which met during the recess of the legislature, stated that the installment plan might cause more work on the part of the broker or agent, but nothing indicates that the plan works any hardship on men who sell insurance. And the commissioners expressed the belief that the installment premium plan makes it easier for the average property owner to buy and pay for the insurance he needs, without adding materially to the cost. There is also evidence that the plan may well be beneficial to the agents and brokers as well as to the property owners.

Files 12% Deviation in Ore.

Oregon Automobile has filed a 12% deviation from the National Bureau classification plan rates in Oregon and has also filed off 12% on physical damage as respects the NAUA rates. The company had announced it would take this action as soon as the National Bureau plan was approved. It is maintaining its 25% commission scale.

Educational Meet in Kan.

Kansas Assn. of Insurance Agents in cooperation with Kansas educational and public relations committee, will conduct an agents' group educational meeting at Hutchinson Feb. 3.

Rogers to Peerless Casualty

Kenneth W. Rogers has been appointed representative of Peerless Casualty in Rhode Island. He has been with Aetna Casualty, American Associated and General Accident.

Indianapolis Papers Greet New Auto Rates with Boos

Announcement this week by National Bureau of Casualty Underwriters of its new automobile classification plan and revised rates in Indiana set off a storm of criticism in newspapers in the state, with Commissioner Harry Wells as the prime target.

One of the Indianapolis newspapers has had a campaign for some time to have rate changes made matters of public hearing, and in an article headlined, "Drivers Last to Hear of Insurance 'Revision,'" the paper said the National Bureau had had "enough notice from State Insurance Commission Harry E. Wells to prepare an eight-page press release on the matter and have it on newspaper editors' desks five days before the rate changes became effective."

The paper put quotation marks around the reference to "substantial" rate reductions, up to $9 a year, which would be enjoyed by "many" motorists.

Commissioner Wells had to make a public statement defending the new rates after the Indianapolis newspapers had had their say. He said there will be an overall reduction of rates of 2%. The insurance people were upset because most of the newspapers played up the $5 to $32 increase for some classes of motorists, and deemphasized decreases in other classifications and for territories out of Indianapolis. Mr. Wells said in his statement:

"For the state of Indiana as a whole, this rate change would go into effect Jan. 4 as an overall reduction of 2%. It is an effort based upon statistics to reward those territories and states that have shown a reduction in accident frequency and to place some additional burden on those territories where accident frequency has increased. . .Thirty-eight states have already approved this same plan. Actuaries who have combed these statistics find that young drivers under 25 years of age and unmarried may comprise 3% of the total. This was the 2C class and the one which gets the greatest increase. Can it really be said, then, that the people haven't had a 'fair shake' when there is a slight overall reduction for the state as a whole and at the same time the burden of cost is being shifted somewhat to those drivers who are causing the accidents?"

Mr. Wells also handed the press criticism on his authority to approve rates without a public hearing. "Every important rate change made by the insurance department in the past year has obtained some degree of reduction for the state as a whole, not withstanding a great hue and cry that the public is not getting a 'fair shake' through the lack of a public hearing," he said. "The insurance department seeks suggestions from a broad section of both the public and insurance industry on every rating question which is weighed along with all available statistics before rating decisions are made.

The Indiana commissioner deplored newspaper accusations that his department is working behind an "iron curtain" in approving new rates. "Before referring to the method of insurance department's placing new rates into effect as being iron curtain methods, it would appear only fair to examine the law which this department is charged with following. Nor does it seem fair to say that this law was 'jammed through the legislature some weeks ago by the insurance lobby,' a group of responsible people representing both insured and insurer to devise an orderly method of putting new rates into effect, and was enacted into law. The idea was to have all insurance agents receive their two rate books at the same time and to make sure that that time coincided with the effective dates. To do this, there must be some time after the commissioner approves the rate change, during which the new rate books can be printed and scheduled by mail to reach all agents the same day. This law was devised in a sense of fairness to all and to prevent agents from raiding each other's business at rate changing time.

The Indiana legislature last year enacted an anti-secrecy law which is known as the Hughes act. This had the effect of reclassifying a number of state records so that they are open to the public. The insurance department so far has contended that it does not come under the Hughes act, and this position was bolstered early this week when Attorney General E. K. Steers told Mr. Wells that the anti-secrecy law does not apply to the department's complaint files.

In Indianapolis and Marion county, the old class 1 rate of $39 under the bureau plan becomes 1A $38, 1B $44, 1C $53; Class 2 becomes 2A $69, 2B $79, 2C $95 instead of a flat $63, and the old class 3 rate of $54 becomes $63.

Yorkshire Now Domestic Insurer with Full Multiple Line Facilities

Yorkshire Insurance Co. of New York has become the first New York insurance company to effect the domestication of the U. S. branch of a foreign insurer, under the enabling legislation of the Anderson act, which became effective in 1951. As a result of the domestication, which was consummated Dec. 31, the company has become a multiple line underwriter, combining the predominant fire business of the U. S. branch of Yorkshire Ltd. with its own predominant casualty business.

Alan O. Robinson, formerly U. S. manager of Yorkshire's U. S. branch, continues as president of Yorkshire of New York which was formerly known as Yorkshire Indemnity of New York, and which assumed its new name at the time of the domestication. Yorkshire of New York was organized in New York in 1926, but through its parent organization whose U. S. branch it has now acquired, it traces its ancestry back for well over a century.

Alan O. Robinson

Yorkshire Ltd., of York, England, was established in 1824. From small beginnings the company has grown to an organization maintaining multiple line insurance services throughout the world. It established a U. S. branch in 1911. Subsequently it established Yorkshire Indemnity of New York, a wholly owned subsidiary, and it holds a controlling interest in Seaborad Fire & Marine, both subsidiaries being New York corporations.

By domestication Yorkshire Ltd. has now transferred the business and assets of its U. S. branch to Yorkshire of New York, and the latter company has assumed the obligations of the U. S. branch. As a result Yorkshire of New York now has a fire and casualty business and will immediately broaden its operations to include marine underwriting. Full multiple line facilities will thus be available to its policyholders, and in addition Yorkshire hopes to effect economies of operation from the domestication.

All of the agents of Yorkshire's U. S. branch have become agents of Yorkshire of New York, which is admitted to 44 states, District of Columbia and Hawaii.

Dale Sharp, vice-president of Guaranty Trust Co. of New York, has been elected chairman and L. C. Amos, financial adviser, Meredith C. Laffey, vice-president and treasurer of Equitable Society, J. Wood Rutter of Rutter & Co., and George E. Warren, retired vice-president of Chase National Bank, members of the board. The following members of the board continue to serve, Albert A. Hooper, George F. Lee, Frank B. Martin, E. Francis McCrossin, D. Farley Cox, Jr., Horace Crowell, Jr., Herman L. Wilkens and Mr. Robinson.

The elected officers of the company in addition to the chairman and president are Horace Crowell, Jr., executive vice-president, S. K. Gray, August A Knople and Charles A. Vooris, vice presidents and Herman L. Wilkins secretary and treasurer.

Mr. Robinson stated that the domestication and reorganization of the Yorkshire companies had been accomplished over a period of several months with the full cooperation of the various state insurance departments. Watters & Donovan acted as counsel in this matter.

200 Fete E. M. Sellers on His Retirement

INDIANAPOLIS—Some 200 Indiana agents and company representatives plus a host of insurance leaders from throughout the midwest paid tribute to Ernest M. Sellers, retiring manager of the Indiana Rating Bureau, at a testimonial dinner here.

The dinner was sponsored by Indiana Fire Underwriters Assn. in conjunction with Indiana Assn. of Insurance Agents.

Mr. Sellers, who retired last week after 48 years as head of the fire rating organization, was presented a cabinet television set, and lauded in numerous testimonial speeches.

Mr. Sellers began in insurance with the old Ohio Inspection Bureau of which his brother, the late T. B. Sellers, formerly served as manager. In 1906 Mr. Sellers came to Indianapolis as secretary of Indiana Assn. of Fire Underwriters and then spearheaded the organization of Indiana Inspection Bureau in December of that year. Indiana Inspection Bureau was later renamed Indiana Rating Bureau.

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Under his direction, the Indiana Rating Bureau eventually established four branch offices in Evansville, Terre Haute, South Bend and Fort Wayne. Mr. Sellers also pioneered the movement which brought Marion county (Indianapolis) into the bureau's jurisdiction.

Special guests at the dinner included Indiana Insurance Commissioner Harry E. Wells and Harry E. McClain, executive secretary of IAIA.

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Other dignitaries included George Foster, manager of the inspection bureau; Roy E. Julian, manager of Ohio Inspection Bureau; Kent Parker, manager, and R. D. Hobbs, general manager, Western Actuarial Bureau; E. H. Born, manager of Western Underwriters Assn.; E. A. Henne, vice-president and western manager of America Fore, chairman of the Indiana Bureau managing committee; C. W. Ohlsen, western manager of Sun, also a member of the bureau managing committee; R. K. Phelps, manager of Illinois Inspection Bureau, who has had his responsibilities expanded and now also is serving as acting manager of the Indiana bureau, and C. A. Ruff and E. W. Pfafflin, deputy insurance commissioners.

H. M. Montgomery, W. P. Gray Co., immediate past president of the underwriters association, served as master of ceremonies.

Hartford Officers May Get Hearing in TV Controversy

FCC Commissioner Doerfer has held informally that the motion of Percy Russell, Travelers counsel, that depositions not be taken of 30 Travelers officers and directors on the question of alleged economic domination of the Hartford area by the company, should not be granted.

Philip J. Hennessey, Jr., attorney for Hartford Telecasting, had requested the depositions. Mr. Doerfer heard arguments Dec. 31 on Mr. Russelll's motion and decided his motion should be granted. But Mr. Hennessey asked for time and was given until Jan. 5.

CPCU Forum Sets Program

Northern California CPCU chapter's insurance forum will conduct a panel discussion on "Current Claims and Loss Coverage Problems" at a dinner Jan. 27.

Tornado Damages Hit Record $175 Million

Tornado destruction was upwards of $175 million during the first 10 months of 1953, more than four times as high as in any previous year in history. Major disasters took place in Columbus and Warner Robins, Ga., Waco, Flint, Cleveland, Worcester, and Vicksburg. National Board, which released the destruction figures, established catastrophe offices to speed the payment of policyholders' claims in Columbus, Waco and Worcester.

Weather bureaus counted 506 separate tornadoes during the period covered, which exceeds the previous record of 300 in 1951, and compares ominously with the 156 yearly average since 1916. However, improved observational methods may be the reason for some of the increase. Tornadoes in June 1953 alone caused nearly twice as much damage as those in any previous full year.

The violence of tornadoes in 1953 is emphasized by comparison with the averages computed by the weather bureau for the years since it began publishing tornado statistics in 1916. The annual average of damages since then is $14 million. The 1953 figures cover the first ten months only, but include the main tornado season.

Blue Seal, Blue Shield Similarity Taken to Court

Blue Shield in Texas has gone to federal court at Austin to try to prevent National Bankers Life of Dallas from using the trade name "Blue Seal," and from consolidating this terminology with an emblem that is similar to the blue and white shield used by the Blue Shield. The Blue Shield is asking triple damages, and claims it has suffered $25,000 worth of damage already.

Free Liability with Auto

North Carolina automboile dealers now are offering free liability insurance with used cars under a recent ruling by the attorney general that this is purely a contractual matter between dealer and customer.

Commissioner Gold asked Attorney General McMullan if the offer could be made legally. McMullan replied the dealer may provide the money to pay the premium on such a policy but could not provide the policy itself. Also, the auto purchaser must have the choice of placing the insurance with an agent of his choosing. Gold said the purchaser of the car also could choose not to buy any insurance.

The advertisements are following the pattern set by the ruling. The offer usually is tied in with the fact the new type financial responsibility law became effective in North Carolina Jan. 1.

Calif. Brokers Elect

Robert N. Hammond of J. B. Hammond Co. is the new president of Insurance Brokers Exchange of California. Other new officers include E. R. Browne, Otis & Browne, San Francisco, 1st vice-president; Vincent Nuccio, Equity Insurance Service, Los Angeles, 2nd vice-president; and Lawrence J. Purcell, San Francisco, treasurer.

Amend Ga. AR Plan

At the request of insurers, Commissioner Cravey of Georgia has amended the automobile assigned risk plan to require that renewals will not be issued unless a premium is received 22 days prior to the inception date of renewal.

GRUHN VICE-CHAIRMAN

Newell Johnson Is General Manager of Mutual Alliance

A. V. Gruhn, who since 1928 has been general manager of American Mutual Alliance, has now been appointed vice-chairman of the board. The new general manager is Newell R. Johnson.

John S. Hamilton, Jr., assistant general manager and secretary, has been named general counsel of the Alliance, and Henry F. Swanson has been appointed secretary.

Mr. Gruhn has been with Alliance for more than 30 years, and has also served several other of the mutual company associations. As vice-chairman, he will continue to have an active part in the affairs of the Alliance and will devote most of his time to development of matters of policy.

Newell Johnson

Mr. Johnson has been associate general manager since 1950. He was Minnesota commissioner from 1941 through 1947, and then for three years was vice-president of Minnesota Mutual Life. Prior to becoming commissioner, Mr. Johnson had long experience in the business, starting in 1919. He has been an underwriter, agent, field representative and company executive.

Mr. Hamilton, a graduate of Northwestern University, joined the Alliance in 1937. He was attorney for Mutual Insurance Rating Bureau in New York from 1940 to 1946 when he rejoined the Alliance staff.

Mr. Swanson has been on the staff since 1927, and has been assistant secretary since 1947.

Ready Compulsory for Young Drivers in Mich.

Rep. Bowerman of Lansing has completed drafting his bill to be introduced in the Michigan legislature next week which would deny drivers' licenses to applicants under 21 years of age unless they furnish proof of BI and PDL insurance. Persons under 21 already holding licenses would have them automatically suspended unless they meet the insurance requirements, which would be at limits of $10/20/5. The penalty would be a jail sentence from two to 90 days and a fine of not more than $100. The present law sets 17 as the age limit for regular drivers' licenses with a parent or guardian giving consent, while restrictive licenses are permitted between ages of 14 and 16.

No Extradition to Ga. to be Served on MacArthur

Gov. Stratton of Illinois has written Gov. Talmadge of Georgia that he does not believe John MacArthur, president of Bankers Life & Casualty, is a "fugitive from the state of Georgia," and extradition papers will not be served on Mr. MacArthur.

The extradition was asked as a result of several actions brought in Georgia against Mr. MacArthur and James Dunne, publisher of the Insurance Index of Louisville, arising out of publication in the Index of articles considered to have libeled and defamed Zack Cravey, Georgia commissioner, and others. Mr. MacArthur said he resisted extradition because of a "loaded political situation" in Georgia with Cravey up for election this year. He indicated he may go there voluntarily after election.

Homeowners OK in Three New States, Output in P.R.

Multiple Peril Insurance Rating Org. has filed and had approved the homeowners' policies A and B in Indiana effective Jan. 18, Kentucky, effective Jan. 25 and Tennessee, Jan. 26. Revisions are now in effect in Pennsylvania and Delaware, the principal one being to make the homeowners' available on a five year basis in those two states only.

Empiro has been licensed in Puerto Rico and the manufacturers' output policy has been approved for use there.

Robert J. Grab, assistant vice-president of the James Johnston agency, has been reelected president of *Rochester Board*, along with the other officers. New directors are Edwin V. Foster, Follett L. Greeno, Chester C. Champion, Jr. David M. Allyn, Donald W. Saunders and Robert C. Mabry.

Hanselmann, Thompson are Promoted in Indiana By Western Adjustment

G. R. Hanselmann, general adjuster of Western Adjustment, has been appointed regional supervisor for Indiana to succeed the late Clarence A. Smith.

Mr. Hanselmann attended the University of Michigan and joined Western Adjustment in 1929. After training at the head office, he served as an adjuster at Jackson, Mich., Cedar Rapids and Mason City, Ia., Springfield and Kansas City, Mo., Hutchinson and Wichita, Kan., and Gary, South Bend and Indianapolis. He was appointed in 1946 as general adjuster for Indiana.

Mr. Hanselmann was honored last week at a luncheon at Indianapolis on the occasion of his 25th year with the organization, and Harold W. Rutledge, executive supervisor from the head office, presented him with a gold wrist watch.

Gordon F. Thompson, who was transferred to Indianapolis as assistant manager in 1952, has now been appointed manager there. He started with Western at Pontiac, Mich., in 1940, and transferred to Detroit in 1948. He became manager of the Royal Oak suburban office in 1950.

Award $205,821 Damages In Canadian Ship Collision

A Canadian exchequer court in Montreal has fixed the liability in the sinking of Swedish American Lines Rhyholm at $205,821 against the owners of the Swiss motorship Basilea. The Basilea and the Rhyholm collided in 1952 in the St. Lawrence river, and the Rhyholm sank. Later it was raised.

In the decision the justice computed the amount at the rate of $38.91 for each registered ton of the Basilea, with an addition for engine-room space deducted for the purpose of ascertaining the motorship's tonnage. Owners of the Ryholm had sought $2 million.

Charles G. McCune Co. has merged with *Tice, Inc.*, with all operations of the two general agencies to be located at 122 East Broad street, Columbus, O.

Manhattan F&M has appointed *R. F. Moore Co.*, New York, as agent for business in New York City and suburbs.

Labor Agreement in N.Y. Puts Group WC in State Fund, Brokers Protest

NEW YORK—Word here is that labor unions are becoming more interested in getting workmen's compensation and disability insurance placed with favored producers. This is borne out by a release from Greater New York Insurance Brokers Assn.

That group has voiced opposition to use of labor agreements as a means of twisting coverage from individually held policies to group plans.

A new labor-management agreement effective Jan. 1 between employers in the electrical industry and local 3, International Brotherhood of Electrical Workers, contains a clause requiring replacement of individual WC policies now held by each employer and the substitution of a group plan placed in the New York state fund.

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A spokesman for the joint industry board of the electrical industry which represents both labor and management in this field declared that no employer may retain his present WC contract but must become part of the state fund group. Employers refusing to drop present coverage will be considered in violation of their labor agreement and subject to penalties resulting therefrom.

The brokers will challenge this move because it denies to insurance buyers the free choice of insurers and contracts in the open market and strikes at the fabric of the brokerage profession. The implications of this kind of agreement are so far reaching they transcend the insurance business and conceivably could be used to enforce the group purchase of any other form of insurance or commodity from favored sources, according to the association.

The individual employer may be adversely affected in cost if the poor claim experience of some members of the group result in surcharges in the group rate. This element of the contract may violate the law. The association intends to study the entire situation and take appropriate action.

N. J. Adjusters Organize

Independent Adjusters Assn. of New Jersey has been formed with William A. Bruckmann president, Charles Demarest vice-president, Thomas Decker treasurer, and Joseph M. Cashin of Sutton-Cashin secretary. All are of Newark except Mr. Cashin, whose firm is at East Orange.

At the first meeting M. M. Johnson of Fort Wayne, president National Assn. of Independent Insurance Adjusters, and George D. Vail Jr., vice-president of Corroon & Reynolds, spoke. About 50 attended.

Burke Heads N. J. CPCU

New Jersey CPCU chapter has elected as president Edwin C. Burke of Automobile, Newark; vice-presidents, Frederick S. Applegate of Thoms, Merrill & Co. agency, South Orange, and Wilbur A. Stevens, claims manager of Hartford Accident, Newark; secretary, Sidney Rudolph, Passaic agent, and treasurer, Walter B. Mintz, Kearny agent.

Mass. Chairmen Named

Committee chairmen of Massachusetts Assn. of Insurance Agents have been appointed. They are: Agents qualification, C. D. Hebb, Pittsfield; educational, G. D. Mirrick, Shelburn Falls; farm and small town, G. A. Woodward, Hatfield; finance, R. G. Dowling, Hyannis; fire and accident prevention, D. M. Walsh, Jr., Springfield; legislative, Frank Mills, Worcester; membership, G. W. Parker, New Bedford; public relations, C. E. Dunn, Pittsburgh; resolutions, G. F. Lord, Great Barrington; casualty, D. M. Walsh, Jr., Springfield; fire, Kenneth W. Faunce, Boston; commissions, R. C. Briggs, Amesbury; conference, F. H. Woodward, Lynn.

Krenz Joins Ohio Farmers

Dudley I. Krenz has been appointed staff adjuster for Ohio Farmers companies in their northwest regional office at Minneapolis. He is an attorney and has had wide experience with National Mutual and with the Gene Wilson agency.

Local traffic problems were discussed at the December meeting of *Evansville (Ind.) Assn. of Insurance Agents* by Paul Rice, city traffic engineer.

Moore of Alaska Calls Social Security 'Fraud' on Nation

The new Alaska Assn. of Insurance Agents, at its convention at Juneau, heard Commissioner Moore of Alaska score the social security system of the U. S. as "one of the worst forms of insurance and one of the greatest frauds perpetrated upon any freedom-loving people."

Mr. Moore and R. C. Stevenson, manager at San Francisco for Pacific Fire Rating Bureau, were main speakers at the convention, which elected these officers: Joseph A. McLean, Juneau, president; Lewis E. Simpson, Anchorage, vice-president; Stanley V. Grummett, Juneau, secretary, and James Taylor, Petersburg, treasurer.

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"The social security system program of this nation is compulsory," Mr. Moore declared. 'The pensions that were paid in 1942, instead of being a loan as originally proposed by Congress, were taken outright from the contributions of the younger workers and employers. Under the present plan, the young workers must pay contributions which would be sufficient to purchase annuities for themselves and must also, together with their employers, pay for annuities for the older generation that has or will have contributed only an insignificant sum to pay for their annuities...

"The plan contemplates the building up of a gigantic reserve estimated to reach over a hundred billion dollars by 1980—more than eight times the value of all the gold reserves of the world's banks and governments," Mr. Moore continued. "The freezing of so much sorely needed purchasing power cannot but hamper progress. The problem of investing such large sums will prove insuperable. At present all money collected can only be invested in United States bonds, the interest on which must be paid by the taxpayer. There is absolutely no guarantee that such fantastic governmental credits will ever be made good. It is Utopian to pledge today the America of 50 years from now."

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The Alaska fire loss ratio of the last five years would have justified a 37½% increase in fire rates instead of the 25% which went into effect in October, Mr. Stevenson declared. He said that losses during this period totalled about 70% of premiums earned instead of 50%, which is considered the permissible loss ratio. "The insurance companies were forced to increase rates or to withdraw from business in Alaska," he said.

Along this same line, Mr. Moore said he had heard some "rumblings" from local agents over the fire rate increase. These were to the effect "that some of the agents were going to tell the companies what they could do and could not do, and if the companies did not do what they were told, a law would be passed. That's the most foolish talk I have heard. What would happen then? The companies won't do business in the territory at all; a government insurance corporation might be instituted and the agents themselves would have to search for a new type of business."

Plans were made at the convention for the formation of a fire contact committee to represent the new association in talks with the Pacific Board. Curtis Shattuck, local agent at Juneau, led a panel discussion on fire insurance, and principal speaker at the closing banquet was A. W. Murray, general counsel for U.S.F. & G. at Seattle.

Olympic and Marathon Increase Their Capitol

Capital stock of Olympic and Marathon of Los Angeles, the Pacific Finance insurers, has been increased. Olympic's capital was raised from $700,000 to $1 million by the payment of a share dividend out of surplus. Surplus now amounts to approximately $2 million.

Capital of Marathon has been increased from $200,000 to $500,000 by the receipt of $200,000 in cash and transfer of $100,000 from surplus. Surplus of Marathon now amounts to approximately $800,000.

Only One Minor WC Change

The only change proposed in 1954 compensation insurance rates in Minnesota is a 20% reduction in special premiums covering silicosis and asbestosis. The cut was proposed by the rating bureau. Representatives of employers asked for a larger reduction. A decision by the compensation insurance board is expected within a few weeks.

Records Missing in Blaze

Lost or destroyed insurance records are hampering the appointment of adjusters in a fire that caused $100,000 damages to a 2-story brick building which housed Brooklyn (N. Y.) Fiber Broom Co. and Peggy White Dresses Co. Coverage of $8,000 or $9,000 has been reported to New York Board, but the insurance records are missing. The board is attempting to find the total coverage from the broker's records.

A drum of benzol exploded on the first floor occupied by the broom company where the fire started and a second exploded almost immediately.

$450,000 Worth of Wind Hits So. Cal.

Loss of $450,000 on 5,750 claims is estimated by General Adjustment Bureau to have resulted from the windstorm at San Bernardino, Pomona and Riverside, Cal., last week.

The wind struck the area on Dec. 27 in the mid-afternoon and lasted for 2½ hours at peak velocities, although there was continued strong wind until 8 p.m,. At San Bernardino the maintained wind was clocked at 40 miles per hour while gusts up to 80 mph were reported in some places, making this the most severe windstorm in the area for 25 years. There was no rain, but severe sandstorms closed highways and caused interior damage in some cases.

There was considerable roof damage, particularly to composition roofs, but the greatest amount of damage was to television antennas which in this area are high because of the proximity of the mountains. The average loss is estimated at $75.

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In San Bernardino, G.A.B. estimates there are 2,000 claims, mostly on TV antennas and roofs. At Redlands, Mentone and Yucaipa there are 300 claims, mostly to farms and trees blowing on houses. At Fontana and Rialto there are 500 claims, primarily aerials and roofs. There are 50 claims at Crestline and the mountain area, mainly roof and glass, and at Riverside there are 300 claims, again to antennas and roofs, although a few buildings suffered damage up to $1,000.

Other towns affected and the number of claims are: Hemet-San Jacinto-Beaumont, 100 claims; Pomona, 100; Ontario, 500; Upland, 350, Alto Loma-Cucamonga, 500; Pasadena, Los Angeles, Santa Ana, 1000.

Fire broke out during the storm in the San Gabriel mountains and more than 100 summer cabins are reported to have burned in this area, although very few are believed insured.

Miles and Tompkins to Higher Positions

A. Campbell Miles, formerly assistant U. S. manager, has been appointed deputy U. S. manager of Royal Exchange group. He is executive vice-president and a director of Provident Fire.

Charles F. Tompkins, superintendent of the brokerage and general cover departments in the New York office, has been made an assistant branch secretary.

Sales Rally at S. F.

About 150 agents of Mutual Benefit H. & A. and United Benefit Life in the San Francisco territory attended a 1954 sales meeting this week at San Francisco. Paul McKee, assistant to the vice-president of United Benefit, was the home office representative. Talks were given by C. D. Bovan, who with his father, D. M. Bovan, is northern California manager; Robert Malone, supervisor of San Francisco office; Larry Miller, manager of the life department; Frank Bland, Pacific Coast manager of the National Underwriter Co., and D. M. Bovan.

Grain Assn. Now in Ohio

Underwriters Grain Assn. is extending its operations to Ohio. It will now operate in 10 states, the others being Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, Oklahoma and Wisconsin.

The association, with headquarters in the Insurance Exchange building, Chicago, is composed of 48 stock fire companies and writes only terminal elevator business. It provides a specialized inspection service whereunder each elevator is inspected once a month. Capacity will enable Grain Association to handle complete fire coverage for any Ohio terminal elevator.

• *Fred S. James* & Co. has established an office at Portland, Ore. John C. McLean, who is in charge, formerly was with Marsh & McLennan at San Francisco.

Kemper Premiums Hit $163 Million in 1953

Premiums written by member companies of the James S. Kemper group totaled approximately $163 million in 1953, an increase of $6 million over 1952, H. G. Kemper, president of Lumbermens Mutual Casualty, has reported. The group includes, besides Lumbermens Mutual, American Motorists, American Manufacturers Mutual, American Farmers Mutual, Federal Mutual, American Motorists Fire and Colonial.

Automobile premiums amounted to approximately $87½ million; workmen's compensation $36 million, A. & H., $12 million, fire and allied $9½ million, and general liability and miscellaneous $18 million.

Occidental, Cal., Enters Group Major Medical Field

Occidental Life of California has entered the group major medical field with a plan that has a $5,000 limit per insured person, a new multiple surgical schedule, liberalized malignancy benefits to cover recurring claims, and a deductible feature which limits losses to the family unit to twice the deductible during any benefit year. The plan may not be superimposed on any existing group health program.

The deductibles of either $50, $75 or $100, apply to any one benefit year, and not per disability. The total deductible for the family unit in any benefit year will never be more than twice the amount deductible for the employe, regardless of the number in family unit.

The plan embraces a basic surgical schedule with a $450 limit for any one operation for employes earning under $500 a month, 125% of the schedule for those earning between $50 and $750, 150% from $750 to $1,250 and 200% or $900 for employes earning more than $1,250 per month. Other schedules are availale to meet local requirements.

Occidental will install its plan when at least 75% of the eligible employes (a minimum of 35 insured) have enrolled. It will not be underwritten without a substantial employer contribution, 50% being the recommended amount.

Fire Destroys Radio Parts Plant

World Radio Laboratories, one of the country's largest radio parts manufacturers, was destroyed by an early morning fire Jan. 3. Damage was estimated at $250,000. Contents were insured for $125,000 and there was $60,000 on the building. The radio parts concern was in the process of moving to a new plant, and loss was total to the parts in the burned building. Western Adjustment Bureau has the loss.

N.Y. COURT HOLDS

Limitation Clause Doesn't Belong in Inland Marine Policy

The limitations provision in an inland marine merchandise floater policy that insured has to bring action against the insurer within 12 months throws ambiguity into a policy if also there is a clause saying the insurer is liable for loss or damage to property belonging to insured's shippers for which the insured may be held legally liable, New York supreme court has held.

Jersey Trucking Service on Feb. 2, 1946, received from another trucker a quantity of merchandise to be delivered in New York City. The merchandise was put on Jersey's trucks and that night the trucks and merchandise were stolen from the garage. Notice of the theft was promptly given to American, the insurer, which according to Jersey, investigated the claims, negotiated with the owners of the goods and assured Jersey it would "effect settlement with the claimants without requiring anyone to institute suit."

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These negotiations proved fruitless, and more than three years later an action was commenced against Jersey by the owners of the merchandise. Jersey turned over the summons and complaint to American, which promptly returned them, disclaiming liability on the grounds that the 12-month limitation following a loss had expired. Jersey then went to court to hold American liable if Jersey was deemed liable, and American served a cross-complaint to dismiss this.

American contended that the date of the loss was the date of the theft of the merchandise in 1946, and Jersey's time in which to bring suit had elapsed. Jersey claimed that under the terms of the policy it suffered no loss until required to pay a judgment and cost of litigation. The policy, Jersey said, covers against actual loss sustained through the payment of money for claims covered by the policy and such a loss does not arise until payment is made.

The two clauses material to the issue cover Jersey for "liability as a carrier for loss or damage caused directly by perils insured hereunder to lawful goods and merchandise . . . while in the custody of the insured" . . . and "coverage for any shipper or consignee for all loss of or damage to all property belonging to such shipper or consignee, and coming into the possession of the insured in connection with its transportation and service, for which loss or damage the insured may be held legally liable. . ."

The insured apparently suffers no loss as contemplated by this clause until his liability to the owners of the property has been established, the court said, going on to comment that "the simple limitation clause involved here, if it means what the insurance company contends it means, could have been worded in unmistakable and decisive language."

Jersey was unable to frame a complaint within 12 months after the theft because the status of the claims at that time was unknown.

The court said the disputed clause may have "slipped into this policy through an understandable inadvertence." The policy is designated as a

(CONTINUED ON PAGE 32)

BBBs Issue Fact Book to Give A&H Buyer Understanding of Cover

Assn. of Better Business Bureaus has issued a fact booklet on A&H insurance which will be used by the bureaus to assist the approximately 50,000 people a year who ask them questions about such coverage. About 90% of these people are prospective policyholders; the remainder have complaints, real or imagined.

Many months of research and consultation with insurance executives and associations have preceded preparation of *Facts You Should Know About A&H Insurance*. Distribution will not be limited to BBB services. Many thousands of copies are expected to be used for employe distribution through company reading racks and industrial personnel programs of the 65,000 business firms—members of BBB, and through schools, libraries and civic organizations. Insurers may purchase copies, for distribution, from their local BBB.

The booklet, a companion piece to the association's fact booklet on life insurance, deals with individual and family A&H, not group. After reviewing the prevalence of accidents and sickness, their cost and the need for insurance, the booklet discusses policies now available and the four general insurance plans—income disability, hospital, surgical and medical.

However, when it reaches limitations the booklet begins to perform ably the much needed job of explaining those facts, contractual, underwriting and the like, where ignorance or faulty information lead to many of the complaints about the coverage. It deals with such matters as the economic unsoundness of providing 100% coverage, the troublesome *confining* and *non-confining*, pre-existing conditions; the hard to understand but contractually essential exclusions, riders and waivers, and, of course, elimination and waiting periods.

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Why the application is taken and the legal weight of the applicant's answers to its questions are explained clearly for the layman.

In discussing costs, the booklet points out that cheap insurance is usually very limited coverage.

"The hazards you need to have covered," the booklet states, "are those to which you are most exposed and those which will create large losses and costs if they do occur. The so-called bargain will not provide this...It may eliminate the very coverage you might need. There is no magic which can furnish broad insurance coverage and sweeping protection at unbelievable bargain rates. One can't buy steak for the price of turnips or a yacht at row boat prices."

The section on "Points to Observe When Buying" covers a number of things the buyer should check: Is the company licensed in the buyer's state (though there are some unlicensed companies which render excellent service)? Know the agent or get references of persons to whom his company has paid claims. Above all know the policy. Here are set out a number of questions. The booklet comments that contrary to popular impression there is no fine print in the policy, what you don't get is shown in good sized print or bold faced type.

The importance of knowing the policy cannot be stressed too much. Failure of insured to understand his coverage is the cause of many complaints, the booklet declares.

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The questions asked most often by buyers are set forth, along with answers. These questions are: How and when will my claims be paid? Can I choose my own hospital or doctor? What happens if I'm injured while working on the job? How do I know the rates are competitive? Can I increase or decrease the amount of coverage in my policy? Can I insure my wife and children on this policy? Does it pay for eye glasses and dental work? Do I have to take a physical examination to buy the policy? If I have two or more policies covering the same accident, illness, or hospitalization, will each policy pay the amount stated in the policy? What happens if my insurance lapses?

Analysis of complaints by bureaus emphasizes the importance of policyholders understanding all the terms of their policies and knowing what the benefits are and what they are not, the booklet states.

Sources of information are listed—the insurance company or agent, Bureau of A&H Underwriters, H&A Underwriters Conference, state insurance department and BBBs.

Vermont Hatch of the New York law firm of White & Case has been elected a director of Unity Fire there.

Glens Falls Makes Ohio, Chicago, Pittsburgh Shifts

Changes in its Ohio department and appointment of special agents in Ohio, Chicago and Pittsburgh have been made by Glens Falls.

Paul L. Hite has been appointed Ohio manager, succeeding B. O. Evans, who is retiring. New special agents are John E. McSween and Francis J. McGurk, Chicago; Paul R. Rouillard, Pittsburgh; and John L. Patton, Ohio.

Mr. Hite, who has spent most of his business career in insurance in Pennsylvania and Ohio, joined Glens Falls in 1939 as fire special agent in western Pennsylvania and eastern Ohio, and in 1951 was appointed assistant manager for fire and casualty at Pittsburgh.

Mr. McSween joined Glens Falls at Chicago in 1937. Mr. McGurk entered the business following air force discharge. Mr. Rouillard joined the company following graduation from Dartmouth college and the Wharton school and has been field assistant and special agent at Albany. He will assist Manager G. R. Mead, handling fire and casualty business. Mr. Patton was assigned to Columbus, O., following graduation from the home office advanced training course.

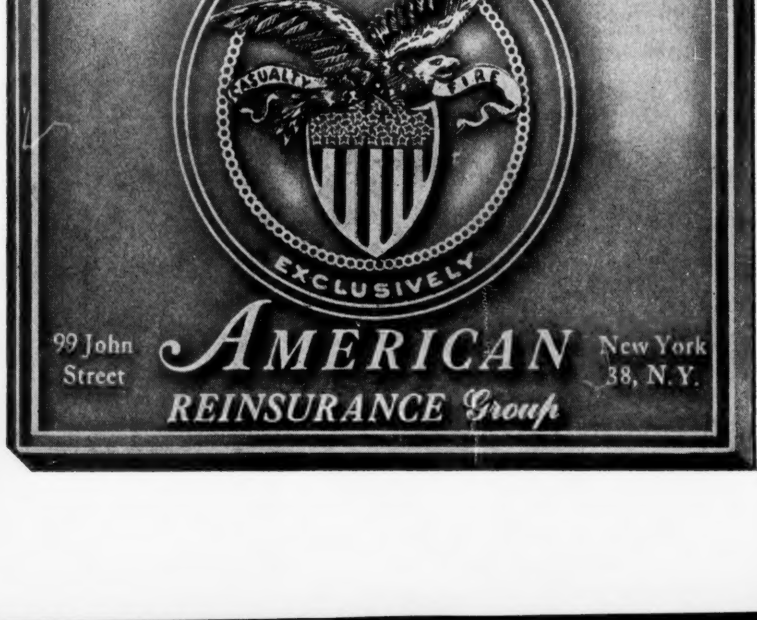
Chamber Fights Compulsory

California State Chamber of Commerce has gone on record in opposition to compulsory automobile insurance, and now is engaged in a detailed study of the problems involved.

The chamber has appointed a committee composed largely of insurance executives to consider possible solutions. Willard W. Keith of Cosgrove & Co. is chairman of the committee.

Ad Panel at Dallas

Ayres Compton, president of Ayres Compton Associates, public relations firm, was moderator of a panel of public relations and institutional advertising at the December meeting of Dallas Assn. of Insurance Agents. The panel was composed of advertising people from radio stations and newspapers in Dallas.



Extension Plan Out, I&B Form In, Term Rule Expanded in Ill.

The annual extension (renewal) plan for fire premiums will be abrogated in Illinois Jan. 11 as respects new business. The present rules will continue to take care of renewals.

The rule book has been changed to liberalize the term rule and make it permissible to issue policies covering either building or contents for three or five years at reduced multiples of the annual fire rate on all but a few excepted classes of risks and coverages.

The new improvements and betterments form and rules have been adopted in Illinois, and are included in the rule book revision.

Begins New Year with Fire Exceeding $600,000

COLUMBUS, O.—Fire New Year's night involving warehouses, a store, office building and hotel is said to have been responsible for damage exceeding $600,000 here.

Two buildings occupied by the McClure-Tritschler-Parrish Co., a wholesale dry goods business, operated by the E. L. Schottenstein Department Store, Inc., have damages placed at $375,000. One floor was used for sales purposes, the others as warehouses to supply the company's stores in various cities. Insurance on the stock was $1,150,000; on buildings $338,600; business interruption $1,250,000. A Farm Bureau annex next to the burned building was not damaged by the fire, but suffered heavy water damage in the basement. Also, it is understood that one of the small departments of Farm Bureau Ins. Co. was housed on an upper floor of one of the burned buildings.

Twelve insurance companies were involved, part of the insurance being placed at Cincinnati and the rest in Columbus. It is estimated that the Farm Bureau may have a loss of $20,000. There was also damage from smoke and water at the Reid hotel, adjoining the burned buildings. Western Adjustment has the entire loss.

New Salt Lake Agency

A new insurance organization called Sun Insurance Service, Inc., has been formed at Salt Lake City in the Pacific National Life building. R. Douglas Langton is president; Van N. Spencer, vice-president, and Edward H. Miller is treasurer. Formerly they were with Transportation Insurance Agency of Salt Lake. Mr. Miller is a son of E. Hugh Miller, vice-president of Tracy Loan & Investment Co. of Salt Lake.

Companies represented include American, Home, National Union, Pacific National, Travelers, American Casualty and Pacific National Life.

Detroit Buyers Hear Butler

Ronald A. Butler, assistant manager of Michigan Inspection Bureau, spoke at the December meeting of Insurance Buyers Assn. of Detroit on "Inspection and Rating Bureau Operation in Determination of Insurance Rates." Mr. Butler earlier in the month made a talk before a dinner meeting of Concrete Products Assn. of Michigan at Detroit.

Davis Replaces Forbes

R. R. Forbes, vice-president of Northwestern Mutual Assn.'s lumber department, has relinquished this post and now will serve Northwestern in an advisory and reserve capacity. Supervision of the lumber department will be taken over by George B. Davis, who goes to the head office at Seattle from the San Francisco office.

Mr. Forbes went with Northwestern's lumber department 32 years ago and since that time has supervised all soliciting, underwriting and servicing of lumber business on the Pacific Coast. He also acted in a similar capacity for associated lumber mutuals. His first experience on the Pacific Coast was the opening of this territory for Lumbermens Underwriting Alliance of Kansas City.

K. C. F. & M. Dividend Paid

Kansas City Fire & Marine declared its usual semi-annual dividend of 50 cents per share Dec. 30 to stockholders of record Dec. 23.

Ill. Saloon Men Get on with Dram Shop Insurer

The Illinois department has issued a permit to License Beverage Ins. Co., a reciprocal, to sell guaranty capital share certificates. This is an organization of Licensed Beverage Assn. of Illinois, and the intention is to write dram shop and OL&T for liquor dealers.

David M. Wilson, Springfield attorney who is representing License Beverage, has said the company plans to sell dram shop coverage at reduced rates and to "protect against the discrimination which is taking place throughout the state with reference to individual licensees. Some of these rates have jumped as much as $1,500 to $2,000 for coverage of a minimum policy of $5,000, $10,000 and $25,000." Mr. Wilson went on to say that 25% of the quota for the guaranty fund is "immediately forthcoming."

Miss Dorothy Downs, director of region 1 of National Assn. of Insurance Women and chairman of its public safety committee, spoke before the *Insurance Women of New York*.

Fireman's Fund Has Pacific Promotions

Fireman's Fund has made several promotions in its Pacific department at San Francisco.

Frank J. Brady becomes fire department assistant manager; Richard P. Wilkins and Harold M. Steele, auto and casualty assistant managers; O. D. Oliphant succeeds Mr. Brady as agency superintendent for fire business in the Rocky Mountain territory, and David E. Glass, San Francisco, replaces Mr. Oliphant as production and engineering division superintendent in the fire department.

Mr. Brady, with Fireman's Fund since 1920, began as special agent in Oregon and in 1933 returned to San Francisco. In 1936 he was made assistant chief underwriter in the Pacific fire department and in 1948 was appointed agency superintendent for the Mountain states and Hawaii. Mr. Wilkins, who joined the group in 1921, became superintendent of the southern California auto department in 1941 and in 1944 went to San Francisco as manager of the Pacific consolidated auto department. In 1950 he became executive supervisor of underwriting of all classes of casualty and auto other than group disability and A & H and in 1951 was elected assistant secretary of Fireman's Fund Indemnity.

Mr. Steele went with Fireman's Fund in 1936 and in 1950 became supervising casualty underwriter at San Francisco. In 1952 he was appointed agency superintendent for indemnity lines in the Pacific department territory. He is a CPCU. Mr. Oliphant joined the group at Los Angeles in 1946, was made special agent in southern California in 1948 and in 1950 was transferred to the Pacific department. Last year he was named superintendent of the fire department's production and engineering division. Mr. Glass went with the group in 1949 at San Francisco and most recently has been senior production engineer there.

N.E. Ins. Co. Ups O'Donnell

George T. O'Donnell has been appointed superintendent of the New England service office of New England Ins. Co., casualty and bond division, at Springfield. He will supervise casualty and bond production in the New England area. Previously, as a special agent, he supervised southern New England.

The Springfield service office has been expanded to provide service to agents in the New England area and will now be called the New England service office. Mr. O'Donnell will continue to make his headquarters in the head office building of the Springfield group.

Mr. O'Donnell entered insurance in 1930, and joined Springfield group in 1940 as special agent for all of New England.

Luncheon for North British

In accordance with annual custom, U. S. Manager W. L. Nolen gave a luncheon in New York for the home office executive staff of North British group. He marked the retirement of Martin Luther, assistant secretary of the accounting department, by presenting him, on behalf of North British staff associates, an appropriate retirement memento.

Grant-Birkholm & Co., the brokerage firm of Los Angeles and San Francisco, has been merged with Marsh & McLennan. Grant-Birkholm has been in business since 1918.

Mass. Board for Easing Association Group Rules

The recess commission on insurance in its report to the current Massachusetts legislature expresses approval of making eligibility easier for trade associations in connection with association group disability coverage. It recommends one year limit on voiding of individual A&H policies because of pre-existing disease and urged grace periods on A&H premiums.

The commission questions whether present requirements are high enough for deposits by insurers guaranteeing payment of workmen's compensation claims, in view of industrial and atomic developments. However, it rejected the request of mutual companies that the deposit requirement be abolished and suggested further study of the matter. It favors pre-paid dental care. It unanimously recommended its study be continued this year and that it be given the job of recodifying the insurance laws of the state.

Sun Office has appointed *Carl Schaefer*, formerly assistant secretary, to secretary.

Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

Ill-Advised Practices May Take 'Voluntary' Out of Health Insurance, Walker Declares

Undue cooperation, in the case of voluntary health insurance, between the provider of services and the insured, can be defined as an unintentional conspiracy between these two parties which may lead voluntary plans to the brink of being forced out of the business, in the opinion of Ralph J. Walker, group vice-president of Pacific Mutual Life. Mr. Walker addressed his remarks to National Assn. of Clinic Managers, at its annual conference at Los Angeles, in a talk entitled "The Challenge of Voluntary Health Insurance".

Ralph J. Walker

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The only proper source of money for voluntary plans is the consumer's pocket, he said, and it is a poor testimonial to the character and intelligence of those who provide services and those who benefit from them that they are unable to see where this abuse is leading.

He listed as some examples of this "cooperation" the doctor who adds office visits on the claim blank so the insurance company will cover his bill in full; the clinic that adds a few extra procedures; the doctor who hospitalizes a child because the mother cannot be bothered; the proprietary hospital that pads miscellaneous expenses to make up an intended coinsurance deficiency in the company's allowance for board and room or surgery; the doctor who prescribes "the works" just because there will be no direct cost to the patient; or who upgrades the description of an operation so that the insurance company's payment will equal his fee; the office nurse who cuts the patient's obligation to the company; the doctor who has the patient come in daily so he can charge for office visits, or who takes an assignment of benefits and then sends a padded bill to the insurance company.

It would therefore seem, Mr. Walker said, that "the intentional chiselers are not the major problem" of voluntary health plans. "There will always be a limited number of chiselers in any field of endeavor, even among, hospitals, doctors, insurance claimants and insurance companies."

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He also observed that these plans, if not stemmed in their trend of paying out more money in claims and expenses than they collect, soon will lose the label "voluntary". This began as an unintentional practice, he said, and was originally caused by a steady increase in claim payments, starting in 1949. In correcting this, the companies took two steps, he recalled.

The first was to increase income, recognizing that there is a limit to the amount of money that people will pay for the "voluntary" tag on their insurance. "We don't know where that limit is, and we don't know that we have reached it. I personally believe that we have arrived . . . at the point where any further increases in premiums can lead only to the elimination of the 'voluntary' tag."

The second step was the investigation into the cooperative ventures engaged in by the insured and the doctors and hospitals, which was discussed above.

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Mr. Walker explained that these remarks were intended to tell what voluntary health insurance is *not*. They followed his observations on what this insurance *is*, which were these: Voluntary insurance deals only with insurance, not with services, and for this reason, it is impossible to "insure" a person's good health. "Health", he said, "is best assured by good diet, plenty of rest, clean living, avoidance of over-exposure to the elements, and the like—by having enough sense to come in out of the rain, so to speak." But, he added, as far as the label goes, "we're stuck with it."

There is still another popular misconception in the mind of the general public when they think of this type of enterprise he said. Besides the misnomer in the case of "health", another exists in the case of "insurance", especially when it is linked with "service". The insurance mechanism is essentially the same, from the simplest one-doctor health plan, to the most complex multiple-line company, and this mechanism "cannot turn out health services; all it can do is distribute dollars to pay for health services, or a new house, or repair of a car . . . no insurance mechanism can provide or guarantee to provide health services. All it can do is pay for services provided."

It is said in some circles, he declared, that doctors should run their own program, thereby eliminating the middle man. "Actually, health insurance cannot be operated without a middle man between the consumer and the provider of services, because the insurance mechanism is itself a middle man."

What of those who say that no one should make a profit out of human misery? he asked. Well, he replied, the doctor does, the landlord does, the auto agency does, and the manufacturer does. They all do, or they wouldn't be in business.

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Another trouble with these plans is the use, among some of them, of the word "prepayment", he said. "The use of this unfortunate word has led to nothing but trouble . . . It is no more possible to have a prepayment plan in the health or ill-health field than it is in the fire insurance field, except as premiums are paid in advance, thus guaranteeing insurance for a period in the future. The only kind of prepayment that the insurance mechanism is capable of recognizing is the payment of premiums in advance."

"I DON'T THINK YOU QUITE UNDERSTOOD WHAT WE HAD IN MIND ENGAGING YOU AS A MEDICAL REFEREE."

Harold V. Smith, president of Home was presented with a silver fireman's presentation trumpet by the firemen of New York city.

In a brief ceremony held at the H. V. Smith museum of Home, the old speaking trumpet was presented to Mr. Smith by Howard P. Barry, president of Uniformed Fireman's Assn. Mr. Barry, left, and Mr. Smith, are shown above. Mr. Barry noted that it had been traditional for the city's firefighters in the old volunteer days to award fire relics to friends of the fire department as well as to distinguished citizens. The engraved inscription on the trumpet reads "Presented to Harold V. Smith by the Firemen of New York City, with affection and admiration.

The H. V. Smith museum houses the largest collection of fire memorabilia in the country.

Agent's Letter Prompts Huddle on FCIC Sales

Ben Schecter, Denver agent, has written Secretary of Agriculture Benson and FCIC Manager Laidlaw protesting employment of unlicensed agents in sale of federal crop insurance. Department officials went into a huddle to consider the matter.

Unofficially, the opinion was expressed that there is nothing in state laws which would make a federal program such as FCIC subject to state regulation, and the men engaged in the task, obtain state licenses.

Formerly production and marketing administration field men acted as federal crop agents and received commissions. They were not state-licensed. As officials view the situation, the principal change made under the Laidlaw administration is to pinpoint the responsibility of federal crop and sales and servicing in one man for each county, instead of having the matter rest with the PMA county committee.

National Assn. of Insurance Agents has long advocated employment of local agents in the FCIC program. Its officials hope that plan will not be upset as a result of Schecter's protest.

Independent Adusters Who Can Meet Competitors' Service Will Survive

Addressing the first meeting of New Jersey Assn. of Independent Insurance Adjusters, George D. Vail, Jr., vice-president of Corroon & Reynolds, noted the toll recent years have taken in the independent adjuster field, the tremendous growth of company sponsored adjustment bureaus, and the development of the staff adjuster system.

Within the period of Mr. Vail's own career, the field of loss adjustments has overcome the designation of a necessary evil and progressed to the rightful position of an essential and vital part of the business. All loss divisions should maintain the closest association with underwriting departments to apprise them of moral and physical hazards revealed by adjusters' report, he said, but it is fantastic to contemplate the attitude, now decreasing, of certain underwriters who do not expect their risks to have losses and who, if they do, blame loss departments and adjusters for events caused by acts of God or human negligence, which are exactly what the policy risks and premiums contemplated. Otherwise the public wouldn't buy insurance.

What is the present situation and future prospect for independent adjusting? A 1907 list of adjusters approved by New York Board's committee on losses and adjustments, listed 64 adjusters. (L. C. Dameron and George D. Vail, Mr. Vail's father, are the only two surviving and both are still active.) Of that number 32 were company, 23 independent, four agency, two company and independent, two agency and independent and there was one General Adjustment Bureau adjuster. There were very few company staff adjusters in those days.

Since then the staff adjuster system and company owned adjustment bureaus have been the big developments. He noted that many company groups believe that a staff adjuster system is economical, at least to handle a major part of their uncomplicated single shot losses. His own group and others, he said, do not feel that way. They believe results are not commensurate with the cost, that they are better served by complete freedom of choice or adjuster based on location and circumstances of loss.

As a test of the system, he asked what staff adjuster of the last ten years had graduated into the loss executive branch of his company.

The competition of company-owned adjustment bureaus is a newer and very different thing. Starting from nothing in the New York area about 40 years ago, GAB has grown into the largest individual adjustment company in the U. S. That must be understood and recognized if legitimate and desired adjustment competition is to be maintained, he said. The business does not believe that all losses should go to company-owned adjustment bureaus, but, everything else being equal, many think companies should favor their own bureaus in loss assignments.

He added that many company loss executives are alumni of the bureaus. All loss executives, however, want to place their losses in various sections in the hands of adjusters, bureau or independent, they regard as best qualified to handle their interests. Consequently the independent must be in a position to offer service equal to his bureau competition. If he isn't, he can't complain if the business goes elsewhere.

Apart from the ownership affiliation with companies and the obligation of insurers to support their bureaus through lean as well as good times, bureaus have two advantages—they can move men around for storm and other catastrophe operations, and they have systems to train and advance adjusting personnel so their staff is kept current on changes in forms and in adjusting.

Insurers are becoming more cost conscious, particularly on adjustments. Some think the solution is to authorize agents to handle small losses, up to, say, $100. They are intrigued by a loss pocket showing $75 loss payment and no adjustment expense. What they overlook, as any loss man knows, is the probability that the claim, if handled by an adjuster, would result in an amicable settlement of $40 and even with adjustment expense added there is still a large saving on the $75 loss, no expense. Multiply this loss by thousands to get an idea of the kind of money involved.

"We are convinced agency adjustment is not the solution to the problem of small losses," he said. Small losses make up 70% of all losses. Companies must rely on the honest and painstaking efforts of adjusters.

He urged independents to make themselves acquainted with company loss executives through written loss reports—not by fancy letters but by good reports that give the whole story.

K. W. Rogers Joins Peerless

Peerless Casualty has appointed Kenneth W. Rogers home office representative in Rhode Island. He has spent 10 years in the insurance business in New England with Aetna Casualty, American-Associated and General Accident.

Washington County Assns. Elect

Insurance agents associations of Pacific county and Pierce county, Washington, have elected officers. Slate for the former group is: Oscar F. Holm, Raymond, president; Tracy Moore, Ilwaco, vice-president, and Frank Peeples, Raymond, secretary-treasurer. Heading the Pierce county group is William C. Guyles and other officers are M. S. Erdahl, vice-president; and Robert H. Thoren, reelected secretary-treasurer.

Settle Guaranty F&M Status in Mass.

Guaranty F. & M. of Columbia, S. C., which has been writing business in Massachusetts on a surplus basis as an unlicensed company, will cancel business in that state beginning Jan. 15. It has arranged for settlement of claims in the state and to keep funds available for that purpose.

These points were agreed upon in a Suffolk county court agreement with the attorney general's office, and the action settles an equity suit brought by Insurance Commissioner Humphreys and another action for $500,000 brought against the insurer and Boston producers that have been handling its business.

The commissioner indicated he took action to prevent removal from the state of around $200,000 of premiums deposited in Boston banks. His statement also indicated the original action was taken when the department learned that the company's financial and business operations never had been examined by a state regulatory authority and after his department had requested permission to conduct an examination in Guaranty's home state. That examination, according to Humphreys, was balked shortly after the South Carolina insurance commissioner had granted the examination request.

Detroit Annual Jan. 14

Detroit Assn. of Insurance Agents will have its annual meeting Jan. 14 at the Statler hotel. New officers will be elected and will be installed by Commissioner Joseph A. Navarre.

The main talk will be delivered by E. Steven Conroy, sales training expert.

Pearson Appointed in Ind.

Robert G. Pearson, who has been in the western department of Hanover and Fulton Fire for two years, has been appointed special agent in Indiana to assist George W. Mercier, state agent. He will have headquarters with Mr. Mercier at Indianapolis.

Opens Brunswick Office

Charles H. Smith, who has been operating as an independent adjuster at Minneapolis, now has formed Charles H. Smith & Associates at Brunswick, Me., and will conduct an independent adjusting business in that area. Mr. Smith formerly was with Liberty Mutual, Employers group, and Indemnity of North America in the east and Ohio Farmers at Minneapolis. While in Minneapolis he also acted as casualty claims manager for J. L. Ralph Co.

Buys Davis & Co. of Seattle

Sherwood & Roberts of Walla Walla, Wash., has purchased controlling interest in the John Davis & Co., one of the oldest agencies of Seattle. It is understood that Davis & Co. will continue under the present name with no change in personnel.

Outlines Compulsory Plans

Arthur L. Schwab, Staten Island, discussed plans of the New York Assn. of Insurance Agents to combat compulsory auto insurance in New York before Nassau County (Long Island) Assn. of Insurance Agents. Mr. Schwab is vice-president of the state organization.

Gives 85-lb. Christmas Baskets

Charwomen servicing the head office building of Home were presented with 85-pound baskets by Harold V. Smith, president. Because of the weight of the baskets, Mr. Smith arranged for their delivery by truck to the homes of the recipients.

Owen, MacLean, Shaf Advanced in West by National Fire

W. Russell Owen, John MacLean and Bernard J. Shaf have been promoted in the western department of National of Hartford group.

Mr. Owen, who has been loss superintendent, becomes general adjuster. He has been with National since 1919, having traveled in the field for five years until 1926 when he became chief examiner in charge of Illinois and Wisconsin. He was promoted to loss superintendent in 1945.

Mr. MacLean is promoted from office manager to superintendent of the loss department. He started with the company as a farm examiner in 1925, and from 1929 to 1948 traveled the Indiana and Michigan fields as special agent, and in Kansas as state agent. He was appointed assistant superintendent of the farm department in 1948, and in 1951 became superintendent for farm and hail. Later that year he was made office manager.

Mr. Shaf becomes officer manager. He has had six years of accounting and personnel experience with W. A. Alexander & Co. agency and also has had extensive public relations and personnel experience with Fournier Institute of Technology and Lemont township high school.

SEUA Booklet Treats Tobacco Industry Procedure

Southeastern Underwriters Assn. has gotten out an 18-page brochure entitled "The Tobacco Industry in the Southeastern States." It is being sent to member and subscriber companies for the benefit of underwriters. Procedures from the planting of seeds to the production of cigarettes and other tobacco products are related. Material was prepared by the SEUA engineering staff with cooperation from rating bureaus in North Carolina and Virginia.

After dealing with the production of tobacco, there is a treatment of combustibility, susceptibility to smoke and water damage, smoke odor, salvage of damaged crops, and damage of a non-insurable nature.

Sees Weakness in Merit Plan

The 12-point penalty provision in the Massachusetts merit plan for compulsory auto insured has been endorsed by the Lowell (Mass.) *Sun*. However, the provision, which will lead to higher insurance premiums for those who drive after drinking, has one flaw, the *Sun* points out editorially:

The 12 points may be assessed on the mere say-so of a police officer and without benefit of a court trial. This is a glaring weakness in the otherwise satisfactory point-punishment system and it should be corrected immediately.

Head Up Mo. Committees

Chairmen of committees of Missouri Assn. of Insurance Agents have been named. All of St. Louis, they are: Paul J. Schroeder, finance; John J. Henschke, casualty; Charles W. DeWitt, program, and H. Roland Beiser, educational.

The association's executive committee will meet at Jefferson City Jan. 8 to map plans for the new year.

Hawkeye-Security has declared a dividend of 50 cents per share on common stock payable Dec. 11 to stockholders of record as of Dec. 4. This brings dividends on common stock this year to $1.50 per share, and marks the 27th consecutive year that dividends have been declared.

NY Voluntary Plan Pushed by Federation, Agents

(CONTINUED FROM PAGE 1)

the license or registration of the uninsured shall not be restored until MVRIC is repaid.

The three associations summarize the comparative values of the plan as against the compulsory idea advocated by the state administration:

The voluntary plan offers the public more complete protection at a known minimum cost. It is based upon standard insurance practices and procedures with no inconvenience to the public. Combined with impoundment, it encourages safety on the highway.

Also, it eliminates possibility of political rate-making, higher basic insurance costs, state wide flat rates or governmental intervention. It overcomes objections to UJF. Compulsory is inadequate as conceded by proponents. Compulsory would cost a lot to effect and administer. The voluntary plan is a self-reliant approach by private energies rather than reliance on government.

Commenting on press reports of the voluntary plan Mr. Bohlinger declared:

"It is just another scheme to saddle insured motorist with the cost of the damages inflicted by uninsured motorists.

"Such unfair discrimination," he said, "would not be possible under the compulsory automobile insurance plan proposed by Gov. Dewey and the joint legislative committee on unsatisfied judgment fund and compulsory insurance.

"The so-called industry proposal would continue to allow several hundred thousand motorists to kill and maim with no responsibility to provide protection for innocent victims and their families. The only answer to the problem of the financially irresponsible motorist is for insurance to be required of all motorists."

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Mr. Bohlinger stated that the plan, which had been suggested as an alternative to compulsory automobile insurance, appeared to resemble the unsound program for an unsatisfied judgment fund proposed last year by the same factions of the insurance business.

Despite published reports to the contrary, Mr. Bohlinger emphasized that there is no united insurance industry support for the proposal, pointing out for example that American Mutual Alliance, spokesman for large casualty insurers doing business in the state, has stated that no one is authorized to commit that organization for the new proposal.

Schrader Made a Partner of Heineke & Conklin

William H. Schrader, who has been for four years with the Heineke & Conklin insurance law firm of Chicago, has been made a partner.

Heineke & Conklin specializes in insurance law and Mr. Schrader for four years has been in the field of third party liability defense. He graduated from the University of Chicago law school and during 1951 he was recalled into the army for eight months to serve in the judge advocate general's office and assist in setting up the 1951 courts martial code.

Wermel Is Vice-President

Woodward and Fondiller, consulting actuaries, New York, has elected Michael T. Wermel, actuary and economist, vice-president.

Until 1952 Mr. Wermel was chief actuary of U. S. bureau of employment security and in this capacity served nearly 40 state unemployment insurance agencies and most of the temporary disability insurance programs in the U. S. Since 1952 he has been engaged in practice as a consulting actuary.

Woodward and Fondiller has established offices in Washington, D.C. and Los Angeles, and is expanding its services in the field of unemployment insurance and temporary disability insurance.

Okla. Agents Meet in May

Oklahoma Assn. of Insurance Agents will hold its annual convention May 14-15 at the Mayo hotel, Tulsa. Harlan S. Tinkerton, Tulsa, is in charge of arrangements.

Ohio Bureau Makes AEC Deductible Optional

(CONTINUED FROM PAGE 1)

form, a correction as to the application of the replacement cost indorsement so as not to allow it to apply to dwellings, liberalization of the term rule to additional risks, provision for a 5% additional credit in building and contents rates when insurance is carried to value under the coinsurance clause, an increase in the number of furnished apartments required to be eligible for coinsurance credits from two to four, a requirement that foundations be included under earthquake coverage, and new rules for outside radio and TV equipment to indicate that the fire building rate shall apply in connection with a specific amount of insurance covering it when written under a separate item.

Dunne Sues Constitution Life on New World Sale

LOUISVILLE—James E. Dunne, publisher of the Insurance Index, has brought suit in federal court at New Albany, Ind., against Constitution Life of Los Angeles, contending that Constitution employed him to negotiate for the purchase of controlling interest in the common stock holdings of New World Life of Seattle, and that Dunne negotiated a deal at a price below an offer authorized by Constitution, but that Constitution later refused to go through with the purchase. Farmers Exchange group of Los Angeles was the eventual purchaser of New World at $34 a share.

Hanover Field Men Meet

Hanover held a regional meeting of eastern field men in New York City three days this week with top executives and department heads participating. About 25 field men attended. The 15-year employes club held a cocktail party Tuesday evening which was attended by several of the field men and executives and there was a banquet to wind up the meeting.

Field men in the west will meet at Chicago beginning Jan. 25.

Hearings Resume Jan. 11

WASHINGTON—The House committee on interstate and foreign commerce, headed by Rep. Wolverton of New Jersey, will resume its hearings on health insurance programs Monday, with witnesses representing Blue Cross and Blue Shield, and other nonprofit plans, including medical care plans of the closed panel type. Insurance company representatives completed their testimony the first week in October and the non-profit people were slated for the following week but the hearings were adjourned.

Baltimore Club Elects

Casualty & Surety Club of Baltimore has elected R. N. Brown, Sr., Maryland Casualty, as the president for 1954. Arthur D. Eierman, New Amsterdam, is vice-president; R. Glover Bauer, Jr., U. S. F. & G., secretary, and C. M. Snyder, New Amsterdam Casualty, treasurer.

Historic Restaurant Leveled

A pre-holiday fire practically destroyed Lohmanns, historic German restaurant in Union, N. J., with an insurance loss estimated at $100,000. There was $63,000 on the building, which will run about 90%, and $40,000 U&O which is apt to be total.

The W. L. Foltz & Son agency, with capital of $75,000, has been formed in *Lexington, Va.*

Cooperation of Agents, Claim People, Makes Sales

(CONTINUED FROM PAGE 2)

what the amount involved. A claim that is owed is just as much a debt as any other debt, and it is the business of the insurer through its claim department to see that these debts are properly liquidated.

The negative approach is first to try to find a way not to cover when a claim is reported, and then if there is no way to deny coverage, to approach all persons who are seeking payment in such a manner that they feel they are doing something wrong to make a claim. Unfortunately, this approach is not entirely outmoded.

A profitable agency which creates enthusiasm not only allows the agency to make money but creates good relationships with all departments of the insurer. It also enables the claim department and other departments to give, at times, some special consideration where this is requested. It is certainly the desire of the claim departments to cooperate in every way possible.

Premium Volume Up in Mediterranean Area

New classes of insurance are being introduced and uniform policies and rating procedures are being adopted for the first time in the Mediterranean area and the Near East, according to John J. Roberts, vice-president of American International Underwriters Mediterranean, who recently returned from the area.

The reasons behind the advances in insurance are undoubtedly the financial and technological aid given to these countries by the U.S., he indicated.

Premium volume is growing throughout the area and the house-owners, merchants and manufacturers are not only becoming insurance conscious, but are requesting special coverages.

F. & D. Appoints Thron

Edward Thron, Jr., has been appointed manager at Houston for Fidelity & Deposit and American Bonding. Formerly associate manager there, he replaces Arthur S. Thompson, resigned.

Succeeding Mr. Thron as associate manager is John H. Trueheart and new assistant manager at Houston is former Special Agent Rowland Bonewitz.

Mr. Thron, with F. & D. since 1926, was manager at Omaha for four years before his appointment in 1952 as associate manager at Houston. Mr. Trueheart, formerly associate manager at Kansas City, has been with F. & D. since 1939 as special agent in Louisville and assistant manager at the latter city. Mr. Bonewitz has been with F. & D. at Houston as special agent since 1947.

Phinney Retires at P.W.

Harold T. Phinney, vice-president of Providence Washington, is retiring after 46 years with the company. Mr. Phinney has been a specialist in sprinklered, special hazard and fire risks.

At a gathering of his associates, Mr. Phinney was presented a gold watch.

WC Coal Rates Up in Pa.

Commissioner Leslie of Pennsylvania has approved a revision in workmen's compensation rates for the coal mining industry, effective Jan. 1.

The new rating schedule reflects an over-all increase in rates of approximately 5%. The new rates for anthracite mining are up approximately 4.1%, for bituminous mining up 9.2%, for surface mining up 5.9%, for culm recovery up 8.5%, and for coke burning up 24.1%. A decrease in the anthracite mining occupational disease rate will amount to approximately 6.2%. No change in rate for bituminous mining OD is indicated.

The revised rates will increase costs to Pennsylvania employers by approximately $259,160.

Fla. Getting Set to Put Qualification Law in Gear

Vocational schools and schools sponsored by insurance companies are being approved for meeting the educational qualifications required by the new Florida licensing law for agents. The law, which will go into effect as soon as the educational system is set up, requires each new fire and casualty writer to have either a year's experience or be a graduate of an approved school.

Already on the approved list are the insurance courses offered by the major universities in Florida and five vocational and industry-sponsored schools. Most of the schools are six weeks courses taught by experienced insurance men.

Extension courses are being planned for major Florida cities to be set up on a non-credit basis so that the instructors, all experts in their fields, need not hold college degrees.

In commenting on the new law, Commissioner Larson said "we are pioneering in the educational field and our plans go much further than those in such states as New York and California."

Two NYC Brokers Joined

The brokerage firms of Smyth, Sanford & Gerard at 68 William street, New York City, and of Edward R. Cluff Co. have combined at the William street address. Edward R. and Frederick H. Kluff will office with the other firm; previously they were at 101 Maiden Lane. G. Foster Sanford, Jr., president of the William street firm, is president of Insurance Brokers Assn. of New York State.

Black Firm Makes Changes

Four major executive changes have been made in the New York City firm of C. R. Black, Jr. Corp., brokers and general average adjusters.

Edmund T. Sinnott, with the company since its organization in 1935 and vice-president for a number of years, has been elected executive vice-president. John A. Atherton, head of the marine department since 1939, has been made vice-president in charge of the marine department; Edward J. Nolan, in charge of the fire department since 1936, vice-president of the fire department; and Fred Michel, Jr. with the firm since 1937, vice-president in charge of casualty.

To Celebrate 75th Anniversary

Ettrick Mutual Fire of Ettrick, Wis., will observe its 75th anniversary Jan. 15, marking its organization by a group of Norwegian farmers in 1877 as the Ettrick Scandinavian Mutual Insurance Co. Business was conducted in the Norwegian language and up to 1920, policies were issued to people of Norwegian ancestry only. The company has $52 million of insurance in force in a four-county area.

Seven Advanced in Canada

Pacific Coast Fire of Vancouver has appointed S. E. Porter marine manager for Canada. The company has made Ernest Teager superintendent for eastern Canada, John H. King fire superintendent for eastern Canada, Frank H. O'Reilly inspector for Ontario, Griffith J. Smart superintendent for western Canada, Jack M. Leonard manager at Winnipeg, and High B. Morrow manager at Edmonton.

Deny Claim on Name Shift

A suit by Southern Missionary college against American Indemnity, seeking to collect a $5,000 theft loss from a book store and $339 damages, has been answered by the claim that the coverage was sold in the name of the college but the book store was operated by the Collegedale Mercantile Enterprises, Inc. The rate for the corporation would be higher than for the college, according to the company.

Officials of the college say that Collegedale Mercantile is completely owned by the college, a Seventh Day Adventist denominational school.

The policy was written by Felix Diamond & Co., Chattanooga, on information furnished by George N. Fuller, who does not write theft and burglary.

The Vaughan Insurance agency of Louisville, Ky., has become a partnership composed of W. Culver Vaughan, who established the agency 32 years ago, Albert A. Kaelin, who has been office manager and chief assistant since the formation of the agency, Baylor Landrum, with the agency six years, and Robert W. Vaughan, son of W. C. Vaughan and with the agency three years.

Burrows N.Y. Manager of Providence Washington

Providence Washington group has appointed Frank S. Burrows general manager at New York, succeeding Roy E. Carr, who is leaving New York for duties in the home office.

Mr. Burrows has spent his entire career with Providence Washington, commencing in 1937. He has served at Boston and in the home office and in 1950 was appointed manager of the inland marine department in New York City. During the last year, Mr. Burrows was appointed assistant general manager at New York.

Miss Pauline B. Callaway is assistant general manager at New York.

Wis. District Leaders Appointed

District directors of Wisconsin Assn. of Insurance Agents have now been appointed, and they will serve until Sept. 1. From districts 1 to 10 in that order, directors are: Richard C. Burdick, Milwaukee; Arthur Harrington, Kenosha; Lyle Benedict, Platteville; L. V. Weisensel, LaCrosse; John DeHartog, Waupun; F. J. Hoffman, Manitowoc; Dan Steinberg, Appleton; H. A. Solander, Wausau; Clarence Wilda, Eau Claire, and L. F. Ryan, Superior.

Norfolk & Dedham Mutual Fire has applied for admission in California.

Hinton to Production Post for Stewart, Smith (Ill.)

F. K. Hinton has been appointed production manager of Stewart, Smith (Ill.) Inc. For five years Mr. Hinton has been with the midwest division of Atlantic Mutual and Centennial. He started in insurance with North America at Chicago in 1924.

West Virginia Blue Goose will hold its mid-winter meeting Jan. 22 at Charleston.

Contract Bond Business Promises to Hold Up Well Indefinitely, Henderson States

Despite the recent softening in some lines of business, it is reliably estimated that new construction in 1953 will rise about 6%, or some $2 billion, over 1952, or approximately $35 billion for the year, James M. Henderson, vice-president of Fidelity & Deposit at New York, said in his talk at New York insurance day.

Around New York City there are of course a number of large projects, the New York state thruway for which a second bond issue of $125 million is being currently sold to investors; the $200 million city school building program which will last for several years, the program of the Port of New York Authority, which is building a third tube for the Lincoln Tunnel, and public works in New York City for which the requirement of bid, performance and payment bonds was reinstated this year after a lapse of 15 years.

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But there are innumerable public works, schools, sewers and highways planned for suburban areas, he pointed out. In addition there are hospitals and churches and innumerable buildings of other sorts.

Country-wide, it is estimated that the number of contractors doing more than $100,000 of business annually is up 39% since 1949.

There is no mystery to becoming a successful handler of contract bonds, nor is there a short cut to it, Mr. Henderson emphasized. Persistence and resourcefulness are the outstanding requisites of contract bond producers, augmented by a broad appreciation of underwriting conditions. None of these can be acquired by listening to a talk or reading an article. The producer must go through the actual experience of cases, personalities and situations. However, a few suggestions may be helpful.

The primary interest of every contractor is to obtain a continuous volume of profitable work. Consequently, a good way to gain the regard of prospective contractor clients is to keep posted on proposed new building projects and bring them to the contractor's attention. The producer should learn something about the type of work in which his clients and prospects specialize, how the work is performed and the jobs organized. He should visit the contractor's job occasionally. This will be informative and help gain the contractor's confidence and good will.

The contractor and his surety are partners, he said. The surety premium is really a recurring, reimbursable fee for acquiring a partner of substance and broad experience who may be turned to for counsel as well as service. The producer should choose a surety with the same judgment and foresight with which he would choose any business partner.

It is often rewarding to follow closely, as prospective clients, the progress of men of integrity, proved experience and management capacity, who have gone into contracting for themselves after association in key posts with others in that field. True, the mortality is high among new contractors who have been in the business less than five years, but at the same time the

producer's advice and judgment can help them develop in the proper manner and growth. This does not mean that the producer should encourage unfair competition. In every contract bond producer's life there come times especially during inflation, when contractors may want to bid a program of work or an individual job beyond their financial ability. These situations and the way in which they are handled may seriously test the ties which bind a broker or agent to his contractor clients. It is no especial feat of professional service to write every bond a contractor wants or a larger line than any other agent or company. It is the producer's responsibility to arrange as full a line as his financial, credit and experience qualifications entitle him to and to give him the right sort of service in that connection.

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The producer, his underwriters and the contractor should be able to arrive at a proper evaluation of what is a mutually satisfactory limit of job or work program to undertake. What is good for him should be good for the surety and vice versa. If there is sound reasoning for a contractor to stretch his work program beyond the normal, there are ways in which the resourceful and sound contract bond producer can help to make this possible by strengthening the case—such as through good and valid indemnity, subordination of moneys loaned or advanced from a non-banking source, joint venture with other contractors, or through use of a revolving fund for a specific job.

Most surety companies believe that a good contractor is well advised not to attempt a work program in his chosen line in a total amount greater than eight or 10 times his liquid working capital. This is what surety underwriters refer to as a 10 or 12% ratio of working capital to work program. Any extension of the ratio makes it difficult to discount or promptly pay bills or take care of the unexpected happenings while retainages are piling up.

Suretyship, properly exercised, is and has been for many years one of the real stabilizing influences among contractors and in the construction business, he declared. It helps eliminate irresponsible competition among contractors and its presence on a payment bond encourages material houses to avoid any loading for credit risk in their prices to the contractor.

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Construction is a balance wheel of prosperity. As steel demand in the automobile trade may become a bit soft, it is expected that construction, with its estimated backlog of $72.4 billion to the end of 1954, will pick up a good bit of the slack and continue its prominent part in preserving prosperity. Its main problems for the present and the period ahead are not demand or material shortages but rather skilled labor shortages, most apparent in the midwest, and the shortage of engineers, especially in highway projects.

With the decrease in federal expenditures, state, municipal and school improvements are increasing substantially to make up the difference.

Sales Talk for S. F. Brokers

Insurance Brokers Exchange of California at a meeting Jan. 12 at San Francisco will hear a talk on "Third Phase Selling" by Jack White, Prudential manager at Los Angeles. Members of San Francisco Life Underwriters Assn. will be guests at the meeting.

EDITORIAL COMMENT

Welfare Fund Curbs Should Be Specific

Enough was revealed at hearings held recently in New York City to show that the insurance laws there must be amended to make sure that bosses of "captive" labor unions are prevented from feathering their nests through the sale and servicing of group life and A&H insurance. Some amendments were enacted at the 1953 legislative session but obviously considerably more needs to be done.

The point we wish to make is that whatever laws are enacted should be as specific as possible. They should not be of the type that leaves vague powers in the hands of the New York department. Next to the unreasonable strictness of some of the New York law's limitations, the most frequently heard criticism of the New York laws is that they are so sweeping that they leave too much to the discretion of the department.

This has given rise to the feeling—and we can't prove whether it is justified or not—that department people sometimes use the law's vagueness to force their views on company managements by telling them that if they dispute the departmental interpretation of some particular provision they can be found guilty of violating some other section.

It is widely believed that the best government is one of laws and not of men. It is not sound to place sweeping powers in the hands of an administrator on the ground that he is a just man and his decisions will be just. Laws should be spelled out in enough detail to let all concerned know where they stand. A law that leaves too much latitude for the administrator's discretion is seriously vulnerable to abuses.

The insurance law amendments covering labor union welfare funds should be drawn so as to require a minimum of interpretation from the insurance department or the attorney-general. An exhaustive investigation is being conducted that should point the way to specific reforms that are needed. Wrong practices should be made illegal. There should be no misty borderland of "impropriety" which leaves up to the taste of the current superintendent what is "proper" and what is "improper."

These considerations of course apply to other laws as well. But the temptation to pass laws of the "shotgun" variety in attempting to curb labor union welfare fund abuses will be great and the New York department has a good chance to show, by the type of legislation it seeks, whether it truly believes that a government of laws is preferable to a government of men.

PERSONAL SIDE OF THE BUSINESS

Charles E. Dox, western manager of London & Lancashire group, has been in Lake Forest hospital at Lake Forest, Ill., since Christmas recuperating from a severe attack of the flu. Mr. Dox had a virus infection in December that he never successfully got rid of, and he has been advised by the doctor to rest up at his home at Lake Forest through January after he is released from the hospital this weekend.

Sidney Salomon, Jr., of the Salomon, Hannegan, Portnoy & Associates agency of St. Louis, a former treasurer of the Democratic national committee, has been named director of finance for the Missouri Democratic Senatorial campaign in 1954.

Kenneth O. Smith, recently named assistant general manager of New York Fire Insurance Rating Org., started with it at Buffalo after graduating from the engineering college of Syracuse University. During the war he continued to do much the same work as a fire protection engineer with the coast guard in the Port of New York. Returning to the organization in 1945 he served successively in the suburban division and as district secretary at Rochester. He became director of the special risks department and later served as acting manager of the New York City division.

R. Vernon Whiteside, local agent at Pasadena, Tex., and former mayor there, has been appointed to the Harris county court commission.

Alexander Olsen has been elected a director of Johnson & Higgins, international insurance brokers. He started with the firm in 1916, became Detroit manager in 1937 and later manager at the head office in New York. He was elected vice-president in 1953.

Joe C. Carr, local agent, has been elected president of the Nashville (Tenn.) Exchange club.

In his talk at the annual Christmas carol program of Home, **Harold V. Smith,** president, announced that this was his last appearance in that position, that next year at this time he would be chairman and Kenneth E. Black, who is executive vice-president, would be the president.

Ernest E. Stempel has been elected vice-president of American International Underwriters Overseas and

E. E. Stempel

K. J. Brown

Kenneth J. Brown has had the title of secretary added to that of vice-president of AIU Corp.

Thomas M. Gallagher, son of Vincent Gallagher, deputy U.S. manager of Pearl, and formerly in the ocean marine department of Alexander & Alexander in New York, and Miss Joan Roth of Bremerton, Wash. were married last week in New Rochelle, N.Y. Sgt. Gallagher recently returned to army service and is stationed at Arlington, Va. The couple met in Tokyo where Miss Roth was a civilian employe of the army.

V. L. Mulvehill, secretary of Corroon & Reynolds, and manager of its automobile department, was given a luncheon by his associates when he celebrated his 30th anniversary with the firm.

DEATHS

J. ALFRED GROW, 66, president of the Homer Warren & Co. agency of Detroit, died at his home at Grosse Point, New Year's Day. Mr. Grow was president of Michigan Assn. of Insurance Agents in 1935 and had long been active in association work. One of his sons, J. Alfred, Jr., is president-elect of the Detroit association, which organization Mr. Grow, Sr., served as president in 1930-31.

ROY A. GALLAGHER of the Kansas City local agency of A. E. Gallagher & Sons died in a hospital there after suffering a heart attack while hunting. His brother, J. Burns Gallagher, is the surviving firm member in the agency which was founded by their father.

G. MUNRO HUBBARD, 66, prominent in the securities, insurance and public relations fields, died in New York. In 1933 he became president of Doremus & Co. advertising and public relations agency, and served until 1942 when he resigned to form his own public relations business. For 11 years he has acted as public relations counsel for a number of large companies in the securities, insurance and banking fields. He was a director of General and North Star.

JOHN HART, 58, secretary in charge of the automobile department of Travelers, died in Hartford. He succeeded Allen Goodale as head of the department when the latter retired. He had been with the company more than 40 years and was secretary of the compensation and liability department, but had concentrated on automobile business for many years and was regarded as one of the outstanding figures in the field. He was Travelers' representative on the auto rate committee of National Bureau. He was assistant secretary of Travelers Indemnity and Charter Oak and would have been with the companies 42 years on Friday.

HUGO E. SELLVIN, vice-president of the Slone, Melhuish agency at Jamestown, N.Y., died there. He entered insurance in 1915 and became treasurer of Slone, Melhuish upon its reorganization and later was named vice-president. He was a past president of the New York State Elks.

ROBERT W. DARNELL, 84, president of Home Mutual Ins. Co. and Peoples Bank, both of Flemingsburg, Ky., died there in his home after a long illness.

SAMUEL PLANT, 80, vice-president, a member of the board and a member of the executive committee of Millers National and Illinois Fire, died at Barnes hospital, St. Louis, after a short illness. His home was at Clayton, Mo.

EARL L. DAILEY, 60, who had been an agent at Flint, Mich., since 1924, died at Hurley hospital after a short illness. He had been an active participant in affairs of Michigan Assn. of Insurance Agents.

JOSEPH SANDMAN, 62, who was with Great American Indemnity in Los Angeles, died there of traffic accident injuries. Executive field supervisor for the company at the New York head office, he had been transferred to Los Angeles about a year ago because of his wife's health. Burial was in New York.

GEORGE WINGO, 61, for 25 years manager of the bond department at Oklahoma City for C. L. Frates & Co. died after an illness of two years. He was also associated with National Surety, a connection which he maintained until his death.

WILLIAM J. SHACKELFORD, 59, vice-president and general manager at Seattle for Mathews & Livingston general agents, marine underwriters, died at Swedish hospital, Seattle, after suffering a heart attack.

ALAN B. CONOR, 59, local agent at Ridgefield, N.J., died. He had been in insurance since he went with Equitable Society when he was 16. He had been a marine adjuster for Johnson & Higgins, and then joined Automobile. He became a partner in the John R. Crosby brokerage firm and later opened his own brokerage firm in New York. He was a former mayor of Ridgefield.

The NATIONAL UNDERWRITER

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PITTSBURGH 22, PA.—503 Columbia Bldg., Tel. Court 1-2494. Bernerd J. Gold, Resident Manager.

SAN FRANCISCO 4, CAL.—507 Flatiron Bldg., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

JOHN J. WOODS, 53, attorney for Fidelity & Casualty in New York, died at his home in Scarsdale. He set up the automobile financial responsibility law for the New York motor vehicle bureau and administered the law from 1941 to 1943. For 28 years he had been with Fidelity & Casualty.

THOMAS G. KEATING, 55, insurance consultant for the defense department, died at Rockville Centre, N. Y. He began his career in insurance with Cornwall & Stevens and later joined John C. Paige & Co., and was also with the American-Associated in the New York office.

SAMUEL E. HELLER, local agent at Canal Winchester, O., died at the age of 87. He was in the business for 50 years.

JAMES T. TODD, 66, veteran Bad Axe, Mich., agent died at his home after two years of failing health. While never an officer, he had been one of the most active members of Michigan Assn. of Insurance Agents and had missed only one state convention since the mid-20s.

ERNEST F. GRETHER, 43, co-owner of the Weaver-Grether agency, Dayton, O., died after a year's illness.

HARRY D. LEE, 49, payroll auditor of Trinity Universal, died at Dallas.

R. B. RUCKER, local agent at Burnett, Tex., died at the age of 60.

GUY E. BRIGHAM, 68, local agent at Darien, Wis., died at his home following a three month illness.

HENRY H. REYNOLDS, 75, agent at Starkville, Miss., died at Atlanta.

JOHN T. SULLIVAN, brother of Commissioner William A. Sullivan of Washington, died at his home at San Francisco. His father, John F. Sullivan, is vice-president of Frank Burns, Inc., Seattle reinsurance brokers.

CHARLES G. YANKEY, brother of Paul C. Yankey, local agent at Wichita, and uncle of Paul Yankey, Jr., past president of Wichita Assn. of Insurance Agents, died.

ROBERT C .HADLEY, 63, local agent at Fall River, Mass., died. He was a former Fall River alderman and was a past president of the Kiwanis Club there.

MRS. ALMA L. GARVER, whose husband is a principal in the Kelly & Garver agency of Sandusky, O., died as a result of an injury suffered in an automobile accident.

F. S. HAAF, 100, retired fire and casualty agent, died at Mt. Sterling, Ky., in the Chiles hospital. He had been ill for nine months. He began in insurance in Frankfort in 1884, moving from there to Mt. Sterling when he retired in 1936.

FRANK L. DUNN, a director of Central States Fire, died at Wichita.

Information Group Elects

Western Insurance Information Service, at its annual membership meeting at Los Angeles, elected as president Victor Montgomery, Sr., president of Pacific Employers. James T. Blalock, vice-president of Pacific Indemnity was elected vice-president, and W. Russell Langtry was reelected secretary-treasurer.

The association, entering its second year, opened branch offices in Seattle and Portland in 1952 and is considering plans this year for its enlarged speakers bureau in California, Washington and Oregon to give more talks to agents. During 1953, 252 members of the bureau gave 477 talks in these three states and a stepped-up public relations program for this year has been pledged by President Montgomery.

Urges Rental Value Insurance

The finance committee of the board of education of Green Bay, Wis., has recommended the purchase of $530,000 of rental value insurance at a cost of $1,550. The board now carries insurance on school buildings and contents values at about $9 million, for which the 1954 budget provides $20,680, plus $1,000 for additional values and payrolls.

Raise Cunningham, Miller

Royal-Liverpool has promoted John J. Cunningham to regional manager in Pennsylvania and Fred Miller to associate regional manager at Chicago.

Mr. Miller, who for four years has been regional manager at Philadelphia, has been with the companies since 1922. Mr. Cunningham joined the group in 1938 and has had experience in the field and as manager of the general cover department and assistant administrator manager of the New York metropolitan, general cover and brokerage departments.

Home Promotes Monahan

Home has promoted Edward T. Monahan from marine supervisor at Minneapolis to production manager in its marine department at Chicago. He joined Home in Chicago in 1942 and served at Boston and Syracuse prior to his transfer to Minneapolis in 1947.

He will supervise marine production operations in Illinois, Indiana, Iowa, Nebraska, Minnesota, North Dakota, South Dakota and Kentucky, under the general supervision of Marine Manager Harold F, Kummerow at Chicago.

Johnson & Higgins Veeps 3

Johnson & Higgins of California, at the annual meeting elected three new vice-presidents: William M. Daughtery, Laurence K. Gould and Jack H. Seiter. Mr. Daugherty has been with the insurance firm since 1939, Mr. Gould since 1947 and Mr. Seiter since 1949, following service with the air force.

America Fore Opens New Employes' Dining Room

The America Fore group has opened new dining and recreation rooms for employes on the 14th and 13th floors of the home office building. This represents a further step in the modernization of the 80 Maiden Lane building which houses the five companies in New York City.

Opening day ceremonies were attended by several officers including President Frank A. Christensen and Executive Vice-president J. Victor Herd.

The entire home office staff, comprising some 2600 employes but not including officers, were guests of the management on opening day.

Claire W. Dunbar, who has become manager of the fire insurance department of the Cleveland Insurance Agency for the past four years has been Ohio state agent of Northern of N. Y. He was previously in the field for Great American and is a navy veteran.

Claire W. Dunbar

The *C. H. Kenyon & Son agency* at Adams, N. Y., which was established more than 100 years ago, has been sold to James J. O'Brien, Norwich. Mr. O'Brien has been in the business for eight years.

J. William Embree, Jr., president of Rittenhouse & Embree Co., has been elected an advisory board member of Lumbermens Mutual Casualty, of which his lumber firm was the first policyholder in 1912.

STOCKS

By H. W. Cornelius, Bacon, Wipple & Co., 135 So. LaSalle St., Chicago, Dec. 15, 1953.

	Div.	Bid	Asked
Aetna Casualty	3.00*	134	138
Aetna Fire	2.40	56	58
Aetna Life	2.50*	94	96
Agricultural	1.60	30	31½
American Equitable	1.50	29	30
American Auto	2.00	47½	49
American, (N.J.)	1.10	26	27
American Motorists	.40	14½	16
American Surety	3.00	60	62
Boston	1.40	33	35
Camden Fire	1.10*	23	24
Continental Casualty	2.50*	97	99
Crum & Forster Com.	1.60	45	46
Federal	.60	30	32
Fire Association	3.00	71	73
Fireman's Fund	1.60	65	67
Firemen's (N.J.)	1.00	28	29
General Reinsurance	1.60	40	42
Glens Falls	2.00	63	65
Globe & Republic	.80	14½	15½
Great American Fire	1.60	32½	34
Hartford Fire	3.00	175	177
Hanover Fire	1.80	39	40
Home (N.Y.)	2.00	39	40
Ins. Co. of No. America	2.25*	84	86
Maryland Casualty	1.20	28	29
Mass. Bonding	1.50*	24½	25½
National Casualty	1.50*	28	Bid
National Fire	3.00	78	80
National Union	2.00	41	43
New Amsterdam Cas.	1.50	46½	48
New Hampshire	2.00	44	46
North River	1.20	27	29
Ohio Casualty	1.55*	63	65
Phoenix, Conn.	3.40	100	102
Prov. Wash.	1.50*	27½	28½
St. Paul F. & M.	1.00	36½	38
Security, Conn.	1.70*	36	37
Springfield F. & M.	2.00	49	51
Standard Accident	1.60	50	52
Travelers	14.00*	844	852
U.S.F.&G.	2.00	67	69
U.S. Fire	1.50*	38	40

*Includes extras.

Lester J. Bradshaw, Fidelity & Casualty at Milwaukee, will discuss "The Human Side of Selling" at the annual sales conference at Madison, Wis., sponsored jointly by University of Wisconsin and the Madison chamber of commerce, on Jan. 18.

Panel Probes Variety of Problems Currently Facing Reinsurance

The National Underwriter is completing this week the panel discussion on reinsurance problems that occupied a meeting of Insurance Accountants Assn. in Philadelphia recently, and which was reported in part last week in the Reinsurance Review.

Howard Shadwell, vice-president of the Holborn agency at New York, acted as chairman, and was assisted by the following panelists:

Donald E. Bryant, vice-president of Treaty Management Corp.; Wallace J. Burt, assistant secretary of Northeastern; J. A. Diemand, Jr., vice-president of North America; Donald R. MacKay, vice-president of Inter-Ocean Re; H. W. Smith, vice-president of Excess Management, and James Wilson, assistant secretary and treasurer of American Reserve. Among those also participating in the discussion were David B. Cromie of Royal-Liverpool; George Dearborn of Potomac; J. M. Donovan of Travelers Fire; George R. Ladner of Security of Conn.; Russell C. Shenstone of Hartford Fire, and Paul J. Synor of North British.

Mr. Shadwell: What about reinsuring homeowners' policies where there is a basic indivisible premium but additional premiums are charged for extra limits of liability and medical payments? These additional premiums should be used for effecting reinsurance above the basic limits. One way would be to study the rate, come up with a percentage representing the fire and wind premium which would then be the basis of reinsurance. Are there any other methods being used? The liability limit being $10,000, how would it be to reinsure all coverage in excess of $10,000: has anyone tried this? Obviously, it would be a simple matter to take care of it from the accountant's standpoint, or would it?

Mr. Burt: We have suggested that the people cede the premium proportionately.

Mr. Shadwell: Would that apply to limits in excess of $10,000?

Mr. Burt: Proportionately you don't have to divide the premium so it could apply.

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Mr. Shadwell: That is the simplest way provided the limits don't go out of bounds, but I suppose there is no reason why the manual shouldn't provide for limits up to $1 million?

Mr. Burt: You might have a casualty insurer carrying the excess limits, but on the basic limits you cede proportionately with your fire treaty. Some of the larger companies retain all of the basic limits for their net account.

Mr. Shadwell: To a completely multiple line reinsurer it probably wouldn't matter at all, but a fire insurer with no casualty outlet is bound to think twice about taking liability claims which would be outside its general run of experience. What is your program?

Mr. Smith: We have been willing to cover the casualty perils in the homeowners' policy under surplus treaties or catastrophe excesses. It has worked out all right so far. The difficulty is when insurers don't want the casualty perils covered because then the reinsurer has to take this indivisible premium and break it down, and we haven't worked out a good solution for that. There is probably not enough of this business being written to present any real problem.

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Mr. Diemand: One condition that has come to our attention with fire companies that have never written liability business and do write some in the homeowners' policy, they have to arrange reinsurance on the liability business. In most cases we don't expect to write an appreciable amount, but they still need the cover. Here there is not much point in talking about rates.

You have an indivisible premium and you can fiddle around all day and say so much of this will apply to liability coverage and we will charge the excess limits rates and so on, but if the volume is going to be small, as in most cases it will be, the reinsurance will be written for a minimum premium.

This means that if the operation is small it is going to be a flat premium.

I think we would do well to adjust our thinking away from the worship of rates for their own sake because rates don't mean a thing until you know what you are pitching for. The rate is simply a device for producing a certain amount of money. You can figure yourselves into a stupor working out rates and they still won't mean anything.

On the homeowners' business, particularly as it applies to fire companies that write no other casualty, we should cast around for means other than using excess limits or anything else that takes a lot of detail, and try to come up with a price, such as a flat rate, which would be a lot easier for everybody to live with.

Mr. Shadwell: Don't you have to think rather carefully about whether you are discussing surplus reinsurance or excess reinsurance in that problem?

Mr. Diemand: Definitely.

Mr. Shadwell: If this business is

thrown into the surplus treaty, a reinsurer participating for 10 or 15% of the surplus treaty will have such a small exposure even on a $50,000 or $100,000 liability section that he will be able to digest it without worrying. But if you have it under a spread loss cover, your reinsurer will come in after $10,000 and he then may have the whole of a $40,000 loss, which he may not be equipped to handle.

Mr. MacKay: I think we might ask the members of the audience what they are doing. I could see little or no problem for a large company writing this type of policy and willing and able to retain fairly large amounts on the basic property involved, the dwelling. But the smaller companies have a much greater problem. They may not be prepared or willing to write $50,000 net on a dwelling. If they reinsure on a percentage basis of the indivisible premium, they are removing premiums received for the smaller coverages such as the percentage of the contents, burglary and plate glass and these perils would be for limits they could easily handle. It is their problem perhaps a little bit more than the reinsurer's problem.

Mr. Shadwell: What type of reinsurance would you recommend for a company with a large concentration in one city such as often happens with a small company operating in its home town?

Mr. Burt: A reciprocal arrangement would be good for a company like that. They could approach the problem by way of a catastrophe cover, if the rate were not too high, which it likely would be. They could exchange business with a company in the same circumstances.

Mr. Shadwell: Do you fellows have any markets for cession of excess covers on this sort of thing?

Mr. MacKay: We would have to discuss the situation with the company. The reciprocal arrangement is very good. It would solve the problem for two companies with one method. However, it is unattractive for the reason that professional reinsurers would not get any business out of it.

A particular quota share treaty could be arranged for business in that locality. Perhaps a company would punch their cards in such a manner that items relating to one particular town would be thrown into a particular column, and they could quota share 10%, 20%, etc. They may have permission in their pro rata pool, if they are on that basis, to cede a greater number of lines on business in that territory than in some other territory, or they may again protect it by a particular catastrophe cover applying in that territory. A combination of several methods might be necessary.

RECIPROCAL TREATIES

Mr. Ladner: What are the relative advantages of reciprocal surplus treaties compared with surplus treaties placed with professional reinsurers?

Mr. Burt: That is a tough question right now because there is a lot of reciprocal business going around, and naturally the reinsurers take a dim view of this. We find that our clients are our competitors. I think the reciprocal business historically flourishes when the loss ratios are good and companies have good surpluses. However, if loss ratios start running to 80%, I believe the insurers will be very content to wrestle with their net retentions and their own reinsurance problems without taking on anyone else's reinsurance problems. But that has not been the case in the last few years. So with the good loss ratios and sliding scales companies have been very interested in reciprocal arrangements.

Mr. Shadwell: Reciprocal treaties have their advantages, but it seems to me, looking at the last 10 or 12 years in this country, they are often around at just the wrong time. Your volume is off, your loss ratio is good so you cancel a treaty with a nice professional reinsurer that has been friendly for years and make an exchange with another insurer. Two years later you find you have more volume than you know what to do with and your loss ratio is high. The new pal doesn't want your treaty any more and then your trouble arises because it is hardly fair to go back to the old friend at that point.

Mr. Diemand: It all depends with whom you are swapping. For example, what do you do if you are a small company which has always traded in one city or in one area? Find someone in the same boat and swap with him, that makes sense. But what happens when you are doing business countrywide and you swap a treaty with another company that is doing business countrywide? You might as well carry your own treaty net. If volume is the problem you are better off keeping your own rather than swapping with somebody else.

Mr. Ladner: With the 1950 hurricane and the series of windstorms of 1953, reciprocal arrangements actually constitute no reinsurance but merely a banking program. I have traded my dollars with someone else's and ended with a loss ratio.

Mr. Shadwell: And incurred an expense in the meantime.

Mr. MacKay: A reciprocal program constitutes trading dollars and in addition has very little flexibility. You are trading reinsurance with another direct writer. The time will come when you may want to hold more of your own business net. If you are dealing with a professional reinsurer, you can reduce the amount going to the pool and suffer no ill effects, but ten to one if you cut down cessions to another direct writer, it will also cut down what it is sending to you.

Also, all direct writers that accept and cede reinsurance will tell you that reinsurance ceded has a better loss ratio than business received as rein-

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surance from another direct writer.

Mr. Shadwell: What about the preference of casualty companies for excess reinsurance, compared with the professional fire reinsurers' preference for quota share and surplus reinsurance?

Mr. Bryant: At least one of the professional casualty reinsurers does write quota share covers. When volume is going up, the premium reserve applied to the increased volume begins to tax the surplus of the reinsurer. In casualty the underwriting is a little more individualized than in fire. Some companies want to write business in certain territories and then only on certain classifications. They think they probably have better underwriters than most of the other companies. The same thing is true of the claim departments. It makes a big difference in the underwriting results on casualty if you go by company. Some companies even during the rough period of the last three or four years have seemingly done all right. Other companies have done poorly. I think it is probably the result of underwriting.

We feel our companies know what they want to write, where they want to write it and we restrict ourselves almost entirely to casualty excess of loss covers. When I was with General Reinsurance, the objection there was to tying up surplus on quota share covers as against having money available to increase the volume of excess of loss business.

Mr. Shadwell: When a casualty reinsurance company gets interested in a big loss, don't they usually like to take part in the settlement?

Mr. Bryant: We follow the ceding company's settlements whether the reinsurance is excess or participating. The reinsurer has the right to associate counsel. We have done it once in the four years we have been operating and then at the specific request of the company. One of our treaty companies felt that 80% or more of the loss would fall upon our group. They had taken every step they thought they should or could take, but they wanted to be absolutely certain there were no loopholes.

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Mr. Shadwell: But aren't your present connections mostly with large companies with adequate claims departments?

Mr. Bryant: We have some small ones, too.

Mr. Shadwell: The difference in approach between fire and casualty companies is breaking down; all the fire reinsurers seem to be writing a few spread loss covers. In the past they were probably more surplus minded.

Mr. Bryant: There are occasions when casualty volume gets out of hand and it begins to tax surplus, but there have been very few instances so far as we are concerned.

Mr. Shadwell: Are any companies using the percentage method of reinsuring, whereby on the direct card a percentage is punched indicating what part of the line is reinsured? This seems comparatively simple if there is one reinsurance item divisible into even percentages. What happens when there is more than one item or where there are agency reinsurance items placed before treaty reinsurance?

Mr. Wilson: Evidently several companies are using this method of reinsurance and find it results in a considerable saving of time and expense. It seems to be growing. One company found the percentage method was most advantageous when applied to treaty reinsurance and it uses it only in connection with such reinsurance. Since most of their reinsurance ceded is treaty, it finds there is a considerable saving in the plan even though they continue to handle agency and facultative reinsurance as they formerly did.

Under the percentage method, the underwriter indicates the percentage reinsured to the treaty in the reinsurance block on the daily report and this is always an even percentage. When the direct premium card is punched, the key punch operator punches thereon the percentage so reinsured to the treaty. All the direct cards are later sorted to pull out those bearing treaty reinsurance. These cards are then duplicated and the duplicate cards are put through a multiplier to compute the reinsurance premium. These duplicate cards are then complete reinsurance cards.

Most additional premiums and return premiums recorded can be marked with a treaty reinsurance percentage and processed in a similar manner even though a different percentage may have to be indicated than on the original entry. For example, the original policy of $50,000 might have been marked 50% insured. If an endorsement comes through increasing the insurance by $10,000, the company may not want to increase its net retention and therefore the endorsement is marked 100% reinsured and processed.

I wonder how many companies use a method of that type.

Mr. Shadwell: That looks like somewhere between 10 and 15% of the people here.

Mr. Smith: In one company that uses it, underwriters and examiners work with a dollar line sheet, but having determined the dollar amount of the cession they adjust it to the nearest even percentage. On reasonably small lines they adjust to the nearest 5%. Thus their line on each class is not absolutely uniform; it may be a little more than the average or a little less. It comes out about the same at the end of the month or the year. Instead of having thousands of different percentages for odd lines they have perhaps 15 or 20 altogether.

Mr. Shadwell: How many companies do not allocate treaty reinsurance transactions by states? What insurance departments object to this practice?

Mr. Wilson: At present there is quite a variation among insurers as to practice in allocating reinsurance transactions by state for annual statement purposes. Some companies allocate by state all their assumed and ceded reinsurance. Some companies do not allocate by state any of their reinsurance. Other companies follow a practice

somewhere between these two extremes, such as allocating agency and facultative but not treaty reinsurance. These practices vary according to the states in which the companies are licensed, the classes of business they write, and in some cases the volume involved.

The attitude of the insurance departments seems to vary considerably. One reinsurer which writes no direct business and which does not allocate assumed or ceded reinsurance by state was criticised by New York and Ohio. The reinsurer now is preparing a schedule T which it sends only to New York and Ohio and it prepares a page 14 on New York and Ohio business only. A direct writing company was criticised for not allocating by state their treaty reinsurance ceded and also for not allocating the intercompany pooling within their group. The company opposed the criticism, and the matter appears to be dropped after a good deal of discussion.

A few states sometimes insist that reinsurance be allocated and a few still require schedules of assumed and ceded premiums.

In ocean marine, which is not taxed on a direct premium basis but on a net underwriting profit base, unless this business is allocated by state on direct and reinsurance the profits returns will not tie in with schedule T and page 14 of those states.

Mr. Shadwell: How many states have the ocean marine tax on the profits basis?

Mr. Wilson: I would not say it is the majority, perhaps 15. That number is increasing.

Whether or not reinsurance premiums are allocated by states for the annual statement, most reinsurers require a breakdown of assumed premiums by state and class for underwriting purposes. When catastrophe covers are being negotiated, the catastrophe insurer usually requests that the ceding company furnish a breakdown of premiums by state and class so that the catastrophe insurer can review the concentration of premium volume, which indicates liability, in those states and areas which are most subject to tornadoes and hurricanes, such as Texas, Florida, the midwest, and, especially since 1950, the northeast. This data usually is requested by the catastrophe insurer whether the reinsured company is a direct writing company or a professional reinsurer.

Our own company, which writes only reinsurance, follows our ceding companies in state allocation of premiums but in all cases we require that the company furnish us, after the annual statement work is out of the way, a summary of the state breakdown of premiums which we use for underwriting purposes.

Until the commissioners revise the present page 14 and schedule T and put them on a direct basis, which the business proposes at almost every NAIC meeting, it would appear the companies can take some short cuts in their state allocation of reinsurance premiums, but they do it subject to the chance that they may be criticised by a few states. Evidently no uniformity will result until reinsurance, assumed and ceded, is eliminated from the state page and schedule T.

Mr. Shadwell: Even apart from arranging its catastrophe cover, the reinsurer needs an idea of its distribution by states. Leaving the reinsurer in the dark as to where its liabilities are does not represent a healthy situation.

Mr. Dearborn: How many of you use the one line entry on schedule T but supply the underwriters of your reinsurer with all of the detailed information by states? We take it that the great majority of you do not supply your reinsurer with all of the detail by states.

Mr. MacKay: Everyone is in the business to make a profit and in order to do that you have to use judgment. Judgment is subject to some criticism if you have no facts or figures on which to base your decisions. I think all in this room would like to see the American reinsurance market continue to grow and prosper. It is a little difficult to do that if the American reinsurers are operating blindly. We are not capable of doing a very good job if we don't have sufficient information.

It is almost as important for ceding companies to help your reinsurer remain solvent as it is for the reinsurer, and unless we have some idea of where our liability is, we have very little opportunity to protect ourselves, either by refusing to write additional business, or ceding off some of the business we already have accepted. I am sure that in your own shops you have that information. Perhaps someone will have to spend a little extra time to put the information on a piece of paper for the reinsurer, but it will be time well spent in the final analysis.

Mr. Cromie: I don't agree with the speaker because, remember, it is an obligatory agreement. The reinsurance as a whole is paid. It doesn't matter if it is not paying in one state or an-

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other. After all, the direct writer is taking the same risk, and it is up to the reinsurer to judge the treaty as a whole and not by states.

Mr. Shadwell: I think that would be right as far as the fire hazard is concerned, but when you consider wind, the reinsurer has no method of learning his cumulative liability. It may turn out after a period of years that he is writing far too much liability in Dade county and has no way of knowing it, if the direct underwriter is just unloading from that area.

Mr. Cromie: He is not unloading it to an undue proportion. The direct writer is not taking the risk of being wiped out himself because of a catastrophe from a windstorm.

Mr. MacKay: Disregarding the profit on an individual treaty, the reinsurer is dealing with a number of companies writing business in the same territories. We are concerned with our accumulation of liability from many companies. One treaty may be profitable or poor and the state distribution may have nothing to do with it. However, we are concerned with the numbers of companies writing business in the same territory. We may be pyramiding our liability. That is the problem we must always consider.

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Mr. Diemand: The reinsurer as a rule doesn't require the same accuracy that an insurance department would, so that while you have to have figures to a decimal point for the insurance department, the reinsurer would settle for an approximation as long as it is reasonably accurate.

From the ceding company's viewpoint, it is better to tell the reinsurer what is in the treaty or excess cover. If not, the reinsurer is going to assume the worst and the ceding company will pay for it. The other way it is much easier for the reinsurer to make a more equitable arrangement.

Mr. Wilson: I don't see why there should be a great problem in providing the reinsurers with the breakdown by state. It would only be the premium, not the losses, and the premium breakdown could be gotten out after the annual statement work is out of the way. It would apply only to net premiums ceded to the treaty. If the cards are punched for the treaty, it should be a rather simple matter to make a summary of just the treaty cards after the year end work is done and get an accurate picture.

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Mr. Synor: In fairness to the reinsurer, the direct writing company should consider its need for basic statistics. No reinsurer is so big financially it can assume all of the business given to it without having some sources of ceding off some of it.

Mr. Donovan: Are there any reinsurers receiving or insisting on amounts of liability by state or any subdivision thereof, and are there any direct writers maintaining such amounts of liability for any particular casualty, windstorm or adjusted fire territory?

Mr. Shenstone: We keep liability available but make no permanent records of it for anybody until some particular liability is asked for.

Mr. Shadwell: I know some small companies have done it, those that are particularly heavy in one state. I think it must be quite uncommon for a larger company.

Mr. Donovan: My question was prompted by the use of premiums by reinsurers as a measure of liability. Wouldn't reinsurers be better able to measure liability if they had some figures?

Mr. Shadwell: That would probably be much more accurate. However, you can take the premiums and divide by the average rate and get the liability figured near enough.

Christmas music featured the Christmas party of Insurance Women's Club of Oklahoma City.

Home Flooded, Hit by Tornado, Covered by E C

Farm buildings inundated by a flood and during that time struck by a tornado are eligible for recovery under the EC endorsement to the extent of tornado damage, U. S. 8th circuit court of appeals decided in a case involving Niagara Fire.

Fred J. Muhle was awarded $7,175 by a trial court on this issue, and the principle was upheld in the court of appeals, except that the case was sent back for a new trial on the exact amount of the damage caused by tornado.

Niagara argued there was no substantial evidence that Muhle's buildings were in the path of the tornado, that there was no substantial evidence that his loss or any part of it resulted from the direct action of wind as distinguished from that caused by high water or overflow, and even if there had been any evidence of damage by the direct action of wind, there was no evidence to separate this damage from that caused by moving water.

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The jury found that the majority of the damage to the buildings was caused by a tornado. The total loss amounted to roughly $11,150 and insurance carried was $7,175, and that was the verdict. The appeals court, noting that there was five or six feet of water inside the house, said that it cannot be assumed that damage caused by water would be "minimal." Muhle, the court said, is entitled to recover for damages caused by windstorm, but there must be evidence to support the exact award. The case is Niagara Fire vs. Muhle, and is reported in 14 CCH, Fire & Cas., 160.

Switches From TV to Radio

Mutual Benefit H&A has signed to present Bob Considine in a 15-minute news commentary over Mutual network starting Jan. 24, 6:30 p.m. EST. The company has cancelled its telecast with Mr. Considine, 15 minutes on NBC.

Accident Toll Increases

Motor vehicle accidents in New York state increased in the first nine months of 1953, according to the bureau of motor vehicles. The 83,434 injury accidents showed a 2% increase over the 1952 period; the 1,600 fatalities a 9% increase, and the 160,727 PDL accidents showed rise of 2%.

No Rule on Transfer

New England Fire Insurance Rating Assn. has denied that it promulgated a procedure for transferring installment business from one insurer to another during the policy term. B. M. Hermes, manager, indicated company executives acted on matters of this kind, not the rating bureau officials.

Edward D. Sirois, secretary of Mutual Fire Insurance Assn. of New England, recently stated in an association bulletin that NEFIRA had adopted such a procedure.

Flickinger to Celina Agency

K. S. Flickinger, formerly special agent of Ohio Farmers at Toledo, has become a partner in the Don W. Stroefer agency at Celina, O. The name of the agency has been changed to Stroefer-Flickinger. Mr. Flickinger has been for many years with Ohio Farmers in both home office and field.

Engineers to Hear Sestak

E. J. Sestak, chief engineer of the western regional office of Factory Association, will address the Jan. 11 meeting of Chicago chapter of Society of Fire Protection Engineers at the Midland hotel. He will show colored films of the recent General Motors fire at Livonia township and discuss trends toward sacrificing fire protection and safety in the interest of lower cost building.

Manitowoc Ins. Board Elects

Charles E. Bouril has been elected president of the Manitowoc (Wis.) Insurance Board to succeed Leland Leifer. Others named were Sylvester Schmelzer, vice-president, and Edwin T. Clark, secretary-treasurer. Edwin Scholton was named chairman of the public business committee.

Donald O. Faro has been named Indianapolis field sales manager for Employers Mutuals of Wausau. He has been with the company since 1948, recently at Kansas City.

D. R. Morrissey of the Conkey-Morrissey agency, president of Wisconsin Assn. of Insurance Agents, and Robert L. Lang of the Robert Lang agency have formed a new agency to be known as *Conkey-Morrissey & Lang Co.*, with offices at the former Conkey-Morrissey location in Appleton, Wis.

Texas Exchanges Elect

New officers of these Texas insurance exchanges are: Baytown, Steele McDonald, president; Gerald V. Daniel, vice-president; and A. C. Chaddick, secretary; Branham, Joe E. Snodgrass, president; M. B. Holleman, vice-president; and C. W. Rankin, Jr., secretary; Paris, Lee Yancey, president; Edmond Castleberry, vice-president; and Nathan Bell, secretary; and Wichita Falls, George Edwards, president; John Barnard, Jr., vice-president; and Miss Winnie Foster, reelected secretary.

Richard E. Hall, Jr., has joined National Union Fire in Chicago in the marine department. A 1951 Colgate graduate, he is an army veteran. Mr. Hall's father, a broker, has been in the insurance business for some 35 years in Chicago.

Limitation Clause Doesn't Belong, Says NY Court

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form of inland marine, which is traditionally written by fire companies, but had American regarded this policy "as what it is in essence, a liability policy, it is doubtful that so incongruous a provision would be incorporated in the policy. For the policy does insure Jersey against its liability for loss or damage to other persons' property—just as clearly as the more familiar form of automobile liability insurance, within a limited range, insures against damage or personal injury."

The case was decided by the New York supreme court appellate division and is Sassi vs. Jersey Trucking Service vs. American of Newark, and is reported in 8 CCH Fire & Casualty, 164.

The E. A. Knoche Co., adjusters, is now known as *Gateway Adjustment & Services, Inc.*, with offices at 1083 Union Trust building, Pittsburgh. Robert R. Cain is president and Charles Kirshner is secretary.

Late News Bulletins . . .

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be spent to speed the flow of traffic across the state with all the safety devices which modern highway construction can provide, he said. Yet more than 100 people are expected to die and another 7,500 to be injured in 1954 on these highways, who carry no liability insurance to recompense the victim of the financially irresponsible driver.

The responsibility for preventing such a situation rests with the state and there is no excuse for it to fail to meet the problem with the simple and sensible compulsory method, he said.

FCIC Loss Perils Reserves

Federal Crop Insurance Corp. officials indicate that FCIC lost about $2 million in 1953 on premiums of $27 million. Losses will run about $29 million. This would about wipe out reserves built up over six years. FCIC plans some premium increases and greater diversification. The excess of wheat loss payments over premiums was $4 million and tobacco will show a loss.

Sen. Desmond will introduce in the *New York legislature* a bill to bar legislators or legislative employes from selling insurance to or serving as counsel, official or employe of any race track, liquor concern or road contractor.

Study and consideration should be given to the possibility of enacting legislation to permit deduction for income tax purposes of payments made to voluntary medical insurance plans or of medical expenses incurred by the taxpayer, *Chairman Wolverton* said in announcing schedule of hearings on health legislation beginning Jan. 11.

Police Power in Mass. Merit Plan Under Attack

Plans to test the validity of the new Massachusetts merit plan have been made by Automobile Legal Assn. of Boston. Under fire is the section which allows the demerit points to be assessed against a motorist on the report of a police officer alone. Not only is the operator's license in jeopardy but his insurance premiums will be increased.

The motorist has no legal method of defending himself against the increased premiums, according to the association. An appeal can be made to the state motor vehicle appeal board, but the board is not a judicial body. The motorist does not have the right to summon witnesses when he appeals. If the section can be eliminated, the points would be assessed only on court convictions.

There should be no connection between the license and the insurance, but if there is, the motorist should have the right to defend his pocketbook, the association contends.

Betts New Security L. & A. President; Succeeds Baldwin

W. Lee Baldwin has resigned as president of Security L. & A. of Denver, because of reasons of health. He is being succeeded by F. Burr Betts, formerly executive vice-president and treasurer.

Mr. Betts joined the company in 1932 and successively served as assistant secretary, secretary-treasurer and vice-president. He served in the last war.

Mr. Baldwin, who is continuing as a member of the board and will serve the company in a consulting capacity, entered insurance as an agent for Reliance Life at Birmingham in 1922. He went with Security L. & A. in 1938 as director of agencies, and later that year was elected president.

To Set Up HIP at Milwaukee

Advocates of establishment of a health insurance plan at Milwaukee modeled after that of New York's HIP have gotten together to name a committee to sponsor such an activity.

The Milwaukee plan will be started as an experiment. It would provide, as in New York, comprehensive medical and surgical care, including surgical examinations, for a monthly premium. A medical center would be used and physicians participating would operate as a group. Subscribers would have to join the Blue Cross in addition to HIP in order to get hospital benefits.

There is some controversy about this idea in Milwaukee, since the local medical society already has a plan of its own, and there is a Wisconsin plan for the remainder of the state.

Fire Association Makes Kan., Ia., Mich. Changes

Field changes in Kansas, Iowa, and Michigan have been made by Fire Association and Reliance.

A new field office is to be opened at Wichita under State Agent Warren K. Gibbs, who will supervise the southern half of Kansas. State Agent Donald L. Christenson will be in charge of northern Kansas and will continue his headquarters at Topeka.

With the retirement of James H. Bunten, Iowa will be divided into separate fields, with the eastern part in charge of State Agent Duane E. Warrick, and the western section under State Agent Thomas J. Vierling. Both will maintain their offices at their present location at Des Moines.

In Michigan Special Agent Myron R. Clark becomes state agent for all lines, assuming responsibility over west central Michigan and the eastern half of the Upper Peninsula. He will continue in the same office at Grand Rapids, together with Manager H. Neal Lynch, who will continue to supervise western Michigan for all lines and casualty operations for the entire state.

Special Agent David E. Beardsley becomes state agent for all lines with direct supervision over Macomb, Oakland, Livingston, Washtenaw, Lenawee and Monroe counties. He continues to maintain offices with Resident Manager John S. Albert of Detroit.

The field of State Agent John J. Byder, operating out of Flint, will not be changed.

Lederer, Keator Raised

The Stewart-Keator-Kessberger & Lederer agency at Chicago has elected Sanford H. Lederer assistant president and Harry F. Keator, Jr. assistant vice-president.

Both have been with the agency for many years. Mr. Lederer, son of President Emil L. Lederer, since navy service, has devoted his time to production. Mr. Keator, son of Harry F. Keator, chairman, and an army veteran, has supervised the survey department.